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Assistance to the Palestinian people

Report of the Secretary-General

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I. INTRODUCTION

1. On 20 December 1994, the General Assembly adopted resolution 49/21 N, entitled "Assistance to the Palestinian People", in which it, inter alia, stressed the importance of the appointment of the Special Coordinator in the Occupied Territories and of the steps taken under the auspices of the Secretary-General to ensure the achievement of a coordinated mechanism for United Nations activities throughout the occupied territories; urged Member States and agencies of the United Nations system to extend, as rapidly and as generously as possible, economic and social assistance to the Palestinian people to assist in the development of the West Bank and Gaza, with emphasis on national execution and capacity-building and to do so in close cooperation with the Palestine Liberation Organization and through official Palestinian institutions; called upon the international donor community to expedite the delivery of pledged assistance to the Palestinian people to meet their urgent needs; and requested the Secretary-General to submit a report to the Assembly on the implementation of the resolution, containing: (a) an assessment of the assistance actually received by the Palestinian people; and (b) an assessment of the needs still unmet and specific proposals for responding effectively to them.

2. Ambassador Terje Rod Larsen of Norway was appointed Special Coordinator in the Occupied Territories in June 1994. In his previous report on assistance to the Palestinian people (A/49/263-E/1994/112 and Corr.1), the Secretary-General provided an overview of the initial activities of the Special Coordinator. The present report covers the period from August 1994, when the Special Coordinator established residence in the occupied territories, through June 1995.

3. In order to effect visible and immediate improvements in the lives of the Palestinian people in the West Bank and Gaza Strip, the Special Coordinator proceeded simultaneously on four fronts: supporting ongoing activities of the United Nations in the occupied territories; facilitating development of public works projects to provide immediate employment opportunities and bring visible changes to the Gaza Strip; establishing a coordination mechanism on the ground to ensure the effective disbursement of donor pledges made at the Conference to Support Middle East Peace, held in Washington, D.C., on 1 October 1993; and coordinating training and other assistance for the incoming Palestinian police force.

4. The efforts of the Special Coordinator were undertaken consistent with the recommendations of the high-level United Nations task force on social and economic development of the Gaza Strip and Jericho formed by the Secretary-General in September 1993, prior to the signing by Israel and the Palestine Liberation Organization of the Declaration of Principles on Interim Self-Government Arrangements (see A/48/486-S/26560). This task force had recommended that the ongoing activities of United Nations agencies in the occupied territories, implemented primarily by the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP) and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), be fully supported and extended. These activities, mainly covering health and environmental health, education, social services, institution-building and support to the private sector, represented over one half of all public sector

expenditure in the Gaza Strip and about one third of it in the West Bank. Ensuring continuity and further development of these services was a key factor in supporting social stability in the occupied territory at a time of rapid political change. The second main recommendation of the task force was that additional activities should be undertaken to improve immediately the existing basic and social services infrastructure in order to make tangible improvements in the daily lives of the Palestinian people, provide much-needed employment opportunities in the implementation phase and help in the development of essential infrastructure in support of the incoming Palestinian Authority.

II. ESTABLISHMENT OF A COORDINATION MECHANISM

5. On 29 and 30 November 1994, the main donor-led body overseeing the assistance effort, the Ad Hoc Liaison Committee, met at Brussels. At the suggestion of the United Nations, the Committee decided to devolve certain aspects of the donor coordination process to the level of representatives in the West Bank and the Gaza Strip. For that purpose, the Committee established a Local Aid Coordination Committee, to be composed of the Palestinian Authority and all donors to the Palestinians in the West Bank and the Gaza Strip. The co-chairs of the Local Aid Coordination Committee are Norway, in its capacity as Chair of the Ad Hoc Liaison Committee, the Office of the United Nations Special Coordinator and the World Bank. The latter two act as joint secretariat to the Local Aid Coordination Committee. The Local Aid Coordination Committee reports to the Ad Hoc Liaison Committee.

6. The Local Aid Coordination Committee decided in December 1994 to establish 12 sectoral subcommittees, known as sectoral working groups, to focus donor assistance to the Palestinians consistent with the priorities set by the Palestinian Authority, with input from the United Nations and the World Bank. Each sectoral working group is composed of all donors interested in that particular sector, with one donor representative as shepherd of the committee; representatives of relevant Palestinian Authority ministries, as gavel holders; and the World Bank and/or the United Nations as secretariat for each group. The 12 subcommittees cover agriculture, education, creation of employment, environment, health, infrastructure and housing, institution-building, police, private sector, public finance, tourism and transport and communications. The Special Coordinator delegated secretariat responsibilities to United Nations agencies with an established presence on the ground, namely, UNDP, UNICEF, UNRWA, and the World Health Organization (WHO). The Office of the Special Coordinator also assumed secretariat responsibilities.

7. By way of example, the sectoral working group on employment generation, with Sweden as shepherd, the Palestinian Authority as gavel holder and UNDP as secretariat, had raised as of March 1995 over $25 million for projects to be implemented by the Palestinian Economic Council for Development and Reconstruction, UNDP and UNRWA. Some 5,000 jobs were created through the implementation of these projects. In April 1995, the Special Coordinator and the Government of Sweden jointly undertook fund-raising efforts to finance additional projects developed under the auspices of the sectoral working group on employment generation. The other 11 sectoral working groups were working on a similar basis, identifying priorities with the Palestinian Authority.

discussing project proposals with the main implementing agencies (the Palestinian Economic Council for Development and Reconstruction, United Nations agencies and programmes and the World Bank) and identifying possible sources of funding.

8. Parallel to the establishment of the donor coordination structures, the Special Coordinator undertook efforts to sharpen the focus of United Nations assistance to the Palestinian people in the West Bank and the Gaza Strip. At an inter-agency meeting convened by him in Gaza in December 1994, attended by over 20 agencies and programmes of the United Nations, it was decided to form six priority sector groups covering the main areas of United Nations activities on the ground. These priority sector groups cover education, employment generation, health, infrastructure and housing, institution-building and the private sector. Each priority sector group is composed of all United Nations organizations working in or intending to work in that sector in the West Bank and the Gaza Strip, with one United Nations agency as focal point for the United Nations system in that sector. The International Labour Organization (ILO), UNDP, UNESCO, UNICEF and WHO assumed focal point responsibilities.

9. The aim of the priority sector groups is to achieve a coordinated, integrated and targeted approach to United Nations assistance to the Palestinians in the West Bank and the Gaza Strip, as called for by the Secretary-General. The focal points play a lead role in the development of United Nations sectoral strategies and programmes of action; assist United Nations organizations not yet operational by providing information on Palestinian priorities and donor interests; and inform Palestinian institutions and donors of the capacities within the United Nations family. Under the umbrella of the priority sector groups, all United Nations organizations with an interest in a particular sector can find a framework for inclusion in the common development assistance effort. By organizing United Nations agencies according to their sectoral interests, greater efficiency in planning and output can be achieved and duplication avoided.

10. The United Nations focal point for a priority sector group generally serves also as the secretariat for the corresponding sectoral working group (under the Local Aid Coordination Committee) and thus ensures that United Nations organizations active in a particular sector can keep abreast, through the focal point, of the priorities of relevant Palestinian Authority ministries and representatives, as well as of donor funding priorities and concerns.

11. In late April 1995, the Ad Hoc Liaison Committee convened a meeting in Paris against a backdrop of growing financial difficulties for the Palestinian Authority, which faced a projected budget deficit of $136 million. Within the framework of the Ad Hoc Liaison Committee, on 27 April 1995, the Palestinian Authority, the Government of Israel and the Chair of the Ad Hoc Liaison Committee, on behalf of the donors, concluded a Tripartite Plan of Action that elaborated commitments and responsibilities that each party undertook to fulfil in connection with the donor effort to bridge the budget deficit.

12. At the meeting in Paris, the Ad Hoc Liaison Committee re-established the Joint Liaison Committee (an earlier version of this body had been unable to convene), which provides a forum in which to discuss with the Palestinian

Authority economic policy and practical matters related to donor assistance. It is comprised of the Palestinian Authority as gavel holder; Norway, in its capacity as Chair of the Ad Hoc Liaison Committee, as shepherd; the United Nations and the World Bank as joint secretariat; the United States of America and the European Union. Japan was also asked to take part in the meetings. In addition to taking up bilateral issues relating to donor assistance, the Joint Liaison Committee will discuss progress in the implementation of the Tripartite Plan of Action, with the participation of representatives of Israel, who will be invited especially for this purpose. The Joint Liaison Committee first met on 15 May 1995. At the second meeting of the Joint Liaison Committee, on 18 May 1995, at the suggestion of the United Nations, it was decided to form a Task Force on Project Implementation (to be comprised of the Palestinian Economic Council for Development and Reconstruction as gavel holder, the United States and the European Commission as co-shepherds, the Office of the Special Coordinator as secretariat, as well as the World Bank, UNDP and UNRWA), which will examine technical and other obstacles to timely implementation of projects and seek solutions for addressing such obstacles. The Task Force reports to the Joint Liaison Committee, which will discuss obstacles with the appropriate party, whether the Palestinian Authority, the Government of Israel, the donors or the implementing agencies.

13. The Special Coordinator convened a second inter-agency meeting in Gaza in June 1995 to examine the evolving role of the United Nations in the West Bank and the Gaza Strip and to review progress made in implementing the United Nations coordination mechanisms that had been agreed upon at the first inter-agency meeting in December 1994. A central objective of the meeting was to discuss draft sectoral strategy papers under preparation by the priority sector focal points in consultation with interested United Nations organizations. These sectoral papers and accompanying project documents will form the core of the United Nations coordinated, targeted and unified strategy for expanding its ongoing programmes and undertaking new initiatives for the benefit of the Palestinian Authority and the Palestinian people in the West Bank and the Gaza Strip in the coming period. More than 20 agencies and programmes of the United Nations system participated.

14. The sectoral strategy papers and accompanying project documents will provide the basis for the fund-raising by the United Nations Special Coordinator, on behalf of and in coordination with implementing agencies. There will be an opportunity for presenting these targeted and unified strategies to donors in the Consultative Group chaired by the World Bank, to take place later in the summer of 1995. Over the past 12 months, the World Bank and the Office of the Special Coordinator have developed a strong partnership on the ground, exemplified by frequent consultations, and the joint secretariat and co-chair functions shared by them in the context of the Local Aid Coordination Committee and the Joint Liaison Committee. The respective roles of the World Bank and the United Nations have, through close coordination and regular exchange of information, developed in a complementary fashion. This relationship, with strong support from donor representatives, has helped to focus the donor-led coordination effort and avoid duplication of work and has allowed for a more coordinated approach between the donors, implementing agencies and the Palestinian Authority.

III. ASSISTANCE TO THE PALESTINIAN PEOPLE: ONGOING PROGRAMMES, UNMET NEEDS AND PROPOSALS FOR ADDITIONAL ASSISTANCE

15. After consultations with the programmes and agencies of the United Nations system active in the area (a list of which appears in the annex to the present report), the Special Coordinator prepared the following update on United Nations assistance received by the Palestinian people in the occupied territories, as well as an analysis of needs still unmet and specific proposals for responding effectively to them.

A. United Nations assistance in infrastructure

16. The UNDP Programme of Assistance to the Palestinian People is oriented towards water supply, sanitation, agriculture, industry and housing. Since the inception of the Programme of Assistance to the Palestinian People, approximately 70 per cent of the UNDP budget has been expended in these five areas. UNDP infrastructure projects are usually an integrated package of technical assistance, training and capital assistance, with capital assistance amounting to 80 per cent of UNDP budget expenditures. Projects are funded through the UNDP central budget and joint funding from donors.

17. UNDP has implemented projects targeted at improving water infrastructure, providing enhanced service to over 200,000 people in 40 villages and a number of towns in the West Bank and the Gaza Strip. The projects have included the construction of main lines, water networks and reservoirs, the rehabilitation of springs and wells and the reconstruction of irrigation channels. In addition, UNDP has been working with municipalities, providing technical and management support to municipal water departments through hands-on training to operate and maintain water supply and distribution systems, as well as training on management and cost recovery systems. In 1994, UNDP established the Water Resources Action Programme, with a mandate to work towards developing and enhancing the capacity of the recently established Water Authority to manage, assess and regulate water resources effectively.

18. In 1987, UNDP undertook the implementation of a complete sewage collection, treatment and disposal scheme for the northern Gaza Strip, including the reconstruction and upgrading of a treatment plant and related infrastructure for the municipality of Gaza; a sewage collection network with five pumping stations for Jabalia refugee camp; a sewage collection and disposal system for Beit Hanoun Town; a similar sewage system in the non-sewered area around the Tal-Ezza'tar refugee camp and the upgrading and proper operation of the main sewage treatment plant at Beit Lahia.

19. In the West Bank, UNDP constructed a sewage collection network in Balata refugee camp in Nablus. UNDP is presently working on the preparation of a sewage master plan for the middle region of the West Bank, covering 2 main cities and over 30 localities. Similarly, a project is due to start in the city of Hebron which will focus on the formulation of a conceptual master plan for sewerage.

20. UNDP has constructed 223 classrooms in various locations in the West Bank and the Gaza Strip, serving over 9,000 female and male students. A school complex in the city of Jericho will soon be completed, addressing the city's need for school space for the next five years. UNDP, in coordination with the cooperative representing Gaza fishermen, constructed 14 fish retail stores, an administration building for the cooperative, an ice block factory and a refrigeration facility. In 1993, UNDP implemented a programme to encourage the use of modern irrigation techniques by Palestinian farmers. In the northern region of the Gaza Strip, UNDP constructed a packing and grading house for the Beit Lahia agricultural cooperative and installed automated equipment for packing and grading tomatoes and potatoes. UNDP has initiated a project to renovate two Palestinian intermediate-level agricultural training schools at Al-Aroob in Hebron and Beit Hanoun in Gaza.

21. UNDP is reconstructing hospitals in the West Bank cities of Hebron, Beit-Jala and Nablus. In 1993, UNDP completed the construction of a new east wing at Hebron Princess Alia Hospital, which serves as an outpatient clinic, and renovated an additional one third of the hospital. In early 1994, UNDP began construction to upgrade facilities at Beit-Jala Hospital. Also in 1994, UNDP initiated construction activities for expanding the Women's Union Hospital of Nablus. The proposed two-storey annex will house three operating theatres, including services and intensive care units.

22. In the West Bank, UNDP implemented construction of a complex of 86 stores and a cold storage facility at the Nablus municipal vegetable wholesale market, with built-in cost recovery mechanisms to ensure future maintenance. In Gaza, in 1994, UNDP completed a 20-ton-per-hour citrus juice factory. The plant consumes about 30 per cent of the Gaza citrus crop per annum (45,000 tons) and produces fresh juice, juice concentrate and essential oils.

23. UNDP is presently implementing a housing project in Beit Hanoun, in the Gaza Strip, which will provide 256 fully serviced housing units for families of the Palestinian police force with public utilities. In addition, UNDP has recently funded a physical planning study throughout the West Bank and the Gaza Strip to ascertain disparities in infrastructure requirements. The study will identify investment opportunities in agriculture and local infrastructure, including roads and transport, markets and storage facilities, water supply and sanitation, solid waste collection and disposal, housing, education and health, and power supply.

24. UNRWA has provided basic infrastructure facilities for over 450,000 Palestinian refugees residing in refugee camps throughout the West Bank and the Gaza Strip. During its 45 years of operation in the West Bank and Gaza, UNRWA has undertaken a number of infrastructure projects in order to improve various facilities, including schools, health clinics, shelters, roadways, water supply and sanitation networks.

25. A significant proportion of the funds required for routine upgrading of infrastructure has been financed through UNRWA's General Fund. In 1988, UNRWA launched its Expanded Programme of Assistance in order to solicit donor funding for more substantial infrastructural projects in all sectors. Owing to the deplorable state of environmental health, special priority was given to sewage

and drainage projects in Gaza, especially in Beach Camp and the municipality of Gaza. In October 1993, UNRWA launched its Peace Implementation Programme, targeted at infrastructural projects in the West Bank and the Gaza Strip, of which most projects are either completed or under implementation. The second phase of the Peace Implementation Programme was launched in November 1994. Under the first phase, funds have been received for environmental health projects in several of the camps in the West Bank and Gaza, including projects to improve sewerage, storm-water drainage and solid waste disposal. UNRWA is presently negotiating the implementation of sewerage and storm-water drainage projects in the Beach Camp-Sheikh Radwan area.

26. Under the first phase of the Peace Implementation Programme, UNRWA has already implemented some $30 million worth of projects to upgrade educational infrastructure. In Gaza alone, UNRWA has constructed and equipped 24 new schools and has added specialized rooms and extra classrooms to a range of existing schools. In the West Bank, nine schools have been upgraded and an additional nine schools are currently under construction. Under the second phase of the Programme, UNRWA has so far been able to generate funds to permit the construction of one additional school as well as 42 additional classrooms in Gaza. Additional projects have been designed and are awaiting funding.

27. Under the first phase of the Peace Implementation Programme, UNRWA is currently implementing $9 million worth of projects in the health sectors, including construction of a college of nursing, a dental clinic at Maghazi refugee camp and two health centres at Deir el-Balah and Khan Younis. In the West Bank, new health centres/clinics are being constructed in Biddo, Nablus, Ein Arik, Beit Our, Ya'bad and Ramadin. In addition, UNRWA is currently in the final stages of constructing and equipping a new 230-bed hospital in Khan Younis, which should be operational in early 1996.

28. Under the first phase of the Peace Implementation Programme, UNRWA has accorded a special priority to rehabilitating the shelters of those refugees who are worst off, particularly those families without an adult male breadwinner, UNRWA's special hardship cases. Within the first phase of the Programme, $20.8 million has been raised for this purpose and within the second phase an additional $6 million has been raised. Under this programme, a total of 3,626 shelters will be rehabilitated and, in Gaza, an additional 2,078 shelters will be re-roofed. Rehabilitation of over 2,400 shelters is now completed and work is under way on the remaining shelters.

29. The International Civil Aviation Organization (ICAO) fielded a mission to the occupied territories in April 1995 to assess the needs of Palestinian civil aviation. The ICAO mission, in cooperation with the Palestinian Civil Aviation Authority, identified the need for the construction of an airport in the Gaza Strip and one in Jericho, as well as the need for a civil aviation master plan.

1. Main development needs

30. Infrastructure development is intimately related to the development of other sectors. Roads, water and sanitation, electricity and communication systems, hospitals and schools are the foundations of economic and social

activities crucial to the development of education, health care, industry, business and agriculture.

31. Water infrastructure in the West Bank and the Gaza Strip is inadequate and deteriorating. Large volumes of water go unaccounted for owing to extensive leakage, incorrect metering and theft. Wells require upgrading, and supply networks should be rehabilitated. Institutional constraints also affect the delivery of water services. Small municipalities and village councils have limited human and financial resources, and, as a result, supply, management and planning are handicapped. The result is ineffective operation and maintenance and ad hoc investment, planning and execution. Efficient water preservation and distribution systems should be put in place. Greater focus should be placed on building Palestinian capacity in water resource planning and management (water policy, legislative frameworks, medium- and long-term management strategies, macroeconomic planning, etc.).

32. Environmental health and sanitation infrastructure is in need of upgrading in most areas. Inadequate solid waste disposal and sewage systems, including proper treatment and disposal schemes, endanger the quality of the water supply and public health. Most communities in the West Bank and the Gaza Strip, including those in densely populated urban areas, dispose of raw sewage into cess pits, which often overflow or seep into underground aquifers. In many municipal areas served by sewage schemes, the collection networks are antiquated and poorly maintained, and regularly overflow into the streets. Sewage treatment plants, where they exist, are inadequate, incomplete, poorly maintained and require extensive upgrading, rehabilitation and planned operation and maintenance. In particular, the benefit of completed, ongoing and planned projects in the Gaza Strip will not be fully realized until the treatment plant south of Gaza City has undergone a major upgrading and expansion. This plant is integral to the environmental health programme around Gaza City.

33. Agriculture is the most important sector of the economies of the West Bank and the Gaza Strip. Palestinian agriculture operates in a context of poor and few agricultural roads, limited application of new irrigation, land reclamation constraints and the absence of appropriate physical facilities (packing and grading houses, cold storage facilities, etc.). Economic development in the occupied territories should entail the upgrading of the agricultural industrial base, including the development of modern techniques of cultivation, irrigation, packaging, refrigeration, storage and shipment.

34. The infrastructure for private sector and industry is lacking, particularly the transportation infrastructure. There are no airports or seaports, and existing roads are inadequate. Many villages in the West Bank have no paved access. In Gaza, most of the road system is less than five metres wide and is only semi-paved or unpaved. As a result, industry is unable to transport raw material and finished products, trade is retarded and products reach the market in such poor condition that costs cannot be recovered. Ninety-five per cent of the urban Palestinian population of the West Bank enjoys continuous electrical supply. However, most rural areas receive electricity for a limited time every day. Twenty-five villages have no electrical supply at all. While almost all households in Gaza are connected to the electricity network, existing transformers fail to meet the combined demand of industrial and domestic

consumers. Frequent voltage fluctuations and the fact that the supply rarely reaches the standard 220 volts, undermine the development of Gaza industry. Machinery is damaged by surges and fluctuations and cannot operate at peak efficiency if the electrical supply is inadequate. Similarly, communications systems are presently controlled solely by the Israeli monopoly, except in the Gaza Strip, where the local utility is controlled by the Palestinian Authority. The majority of villages and camps in the West Bank and the Gaza Strip have no access to the telecommunications network. Even in urban areas, the grid requires expansion and extensive maintenance. In order to be competitive, industry, and the private sector in general, requires an improved and expanded road system, upgraded and expanded electrical and communications networks and access to technology. There is considerable need to construct national power generation plants, develop energy planning and information systems, create energy efficiency programmes for industry and the power sector and explore alternative renewable energy technologies (solar, wind and others). While primarily benefiting the private sector, the need for improved telephone and related services such as postal services, telex, telephone and data communications will also enhance the provision of health and social services and the quality of life in general.

35. The pressure on housing is very real. There is a need to plan and construct additional housing units, as well as to improve the living conditions of the refugees through rehabilitation of existing shelters.

36. The education system faces critical infrastructure problems, such as overcrowded classrooms, decrepit physical facilities and a near total absence of libraries or science laboratories. Priority should be placed on rehabilitation of old infrastructure and the construction of new/additional buildings, classrooms and laboratories to meet the quickly expanding needs of a growing population.

37. Government health care facilities are deteriorating, poorly maintained and under-equipped. The number of hospital beds is insufficient and poorly distributed. Construction and rehabilitation of hospitals, clinics, operating theatres, rehabilitation centres and special care facilities should be combined with the upgrading of medical equipment and the development of cost recovery mechanisms to sustain such inputs.

2. Integrated United Nations approach

38. The focus of the United Nations strategy for infrastructure and housing development should remain on rehabilitation, operation and maintenance of the existing physical infrastructure facilities as a first priority, while simultaneously developing sustainable capacity and skill within the Palestinian community to manage, operate and maintain such facilities, through the establishment of adequate management systems and structures, on-the-job training and transfer of skills and knowledge. Capital investments in infrastructure should be combined with tailored technical assistance packages.

39. In addition, new areas should be developed for new housing with integrated housing and infrastructure programmes. In general, attention should be given to

the fundamental connection between infrastructure needs and housing strategies, preferably in a comprehensive development plan.

40. In rehabilitating and upgrading existing infrastructure and services, and developing new ones, the institutional strategy should be carefully elaborated with the Palestinian Authority. The International Telecommunication Union (ITU) in telecommunications, the Universal Postal Union (UPU) in postal communications, as well as the United Nations Centre for Human Settlements (Habitat), UNRWA and UNDP have been active to varying degrees in this process. The financial strategy should be based on two options: (a) cost recovery through user charges complemented by targeted subsidies; and (b) optimum mobilization of fiscal resources. An adequate financial strategy is a prerequisite for sustainable development. Finally, the technical strategy should take an approach based on affordable standards and labour-intensive methods and techniques.

41. The housing policy should focus on strengthening existing institutional capacity in the public and private sector; housing finance and affordability, including credit and innovative loan products; labour-intensive construction techniques; use of small-scale contractors; and support to the informal sector technically and financially. Work should also proceed on creating a favourable policy environment and legislative regulatory instruments (planning standards, building by-laws, building permits, etc.) suitable to local conditions. Land for housing and land markets is crucial, and any housing policy should address both environmental and equity objectives. The objective should be to strike a balance between the land market and its capacity to deliver land on commercial terms, and land resources management as a condition for sustainable human development. The preparatory process for the United Nations Conference on Human Settlements (Habitat II), which will be held at Istanbul in June 1996, will provide opportunities for Palestinian policy-makers to discuss housing issues, as well as a sustained flow of information.

42. The long-term feasibility and sustainability of any infrastructure project depends on the capability of covering the running costs. Donors have been reluctant to fund running costs of projects. Where projects aim at providing critical services to the Palestinian community, such as large-scale infrastructure projects (sewage/water schemes, treatment plants, etc.), a progressive transfer of the maintenance and operation costs to the managing institutions should be designed into capital investment projects, together with the phasing-in of cost recovery mechanisms. Cost recovery mechanisms can only work when clients are satisfied with services provided and are convinced that fees will keep systems running in the future.

B. United Nations assistance in institution-building

43. Palestinian institutions in the West Bank and the Gaza Strip have existed in three distinct areas: central government, local government, and non-governmental organizations. In central government, Palestinians filled technical and operational functions. As a result, there is a relatively large and skilled human resource base for central government, particularly within sectors such as agriculture, health, education, and finance. However, there is

a gap at the public administration management, policy formulation and decision-making levels of central government which previously fell under the responsibility of Israeli military officials of the civil administration.

44. The Palestinian Authority assumed responsibility for these functions in the Gaza Strip in July 1994, and the scope of its powers extended to areas of central government responsibility in the West Bank in December 1994. As a result, a new level of Palestinian institutions was created in the area. In response, assistance by the United Nations system in institution-building has evolved rapidly over the past year, providing help with the organization and start-up of the Palestinian Authority, both to its ministries, which coordinate activities and formulate national-level policies in different sectors, and to local institutional structures.

45. In the area of local government, Palestinian public institutions have existed for decades in the form of small to medium-sized village councils, local development councils and medium to large municipal administrations. Many of the larger municipal administrations have not been able to perform fully the role of "civic" agents; however, many have accumulated a good deal of expertise in the operation and maintenance of public investments and utilities.

46. At the non-governmental level, a large number of Palestinian non-governmental organizations, sectoral associations of non-governmental organizations, charitable societies, cooperatives, research centres and community-based organizations have operated in the West Bank and the Gaza Strip. Many non-governmental organizations have served - and continue to serve - vital functions. Support from the United Nations system has been provided to and through this network of non-governmental organizations and community-based organizations.

47. In the absence of a central Palestinian authority, UNDP provided its public sector support at the municipal and local levels. Over the years, UNDP has supported various municipalities, primarily through large-scale infrastructure investments combined with training and technical assistance. Since 1994, UNDP has supported rural infrastructure investments, participatory planning and the upgrading of nine village councils through its Local Rural Development Programme. UNDP has responded to the most urgent needs of the Palestinian Authority by providing emergency start-up funding and procurement support to its 14 ministries, as well as the Palestinian Economic Council for Development and Reconstruction, the Palestinian Central Bureau of Statistics, the Palestinian Computer Centre, the Civil Defense Department, Palestinian TV and the Palestinian Environmental Protection Agency.

48. Since early 1995, UNDP has also been managing the TOKTEN (Transfer of Knowledge Through Expatriate Nationals) Programme, which sponsors the return of Palestinian expatriates living abroad for short-duration missions to provide advisory services, consultancy studies and training to Palestinian Authority ministries and private sector institutions. UNDP has also provided financial support to MAS (the Palestine Economic Policy and Research Institute) to undertake economic policy research and develop policy options for the management of the State.

49. In addition, the multi-project Employment-Generating Public Works Programme, established with assistance from UNDP and donors, builds local institutional capacity under the auspices of Programme Management Unit of the Palestinian Economic Council for Development and Reconstruction in Gaza. The sustained efforts of the Programme Management Unit have been central to the development and implementation of infrastructure rehabilitation and construction programmes.

50. UNRWA's long history of assistance to education, health and social services for Palestinian refugees has had a significant impact on the future prospects for institution-building within these and other sectors. With over 5,000 teachers providing primary, preparatory and vocational schooling to 145,000 students, UNRWA dominates the public sector in the West Bank and the Gaza Strip. UNRWA offers basic health and social services to over 1,000,000 registered refugees, operating around 230 out-patient facilities and employing some 100 physicians and 450 other health care workers. In the Gaza Strip, UNRWA provides monthly in-kind support to almost 100,000 of the poorest refugees.

51. UNRWA's activities over the past 50 years have built up substantive local capacity and have dramatically improved the Palestinian human resource base in health care, education and social welfare. These capacities help set the agenda for institutional development across several sectors and in the area of public administration in particular.

52. UNICEF has focused its activities in four key areas: primary health care, primary education, early childhood development, and youth and community development. Since the establishment of the Palestinian Authority, these priorities have shifted in nature towards a long-term institution-building approach, with an emphasis on building the capacity of the new Palestinian ministries and agencies. UNICEF is supporting the Palestinian Authority in its efforts to develop a national programme of action for the Palestinian child, which will provide a broad policy framework for addressing children's issues for the remainder of the decade and beyond.

53. In partnership with the Palestinian Authority, UNESCO has developed a programme of assistance consisting of 27 priority projects within its fields of competence. These include activities to promote strengthening of the Ministry of Education and the Ministry of Culture.

54. As a result of their several missions to the occupied territories, FAO and the Economic and Social Commission for Western Asia (ESCWA) have jointly recommended an action programme for the restructuring, development and strengthening of the Palestinian public agricultural institutions.

55. In February 1994, Habitat conducted a study focusing on capacity-building at the municipality level in the occupied territories. In its report, Habitat recommends a series of support programmes, which could be incorporated into a comprehensive capacity-strengthening programme for municipalities.

56. WHO assistance has focused principally on institutional development and building an infrastructure for primary health care, secondary health care and environmental health, primarily in the Gaza Strip. WHO provided resources for

the establishment and operation of a number of departments of the Palestinian Health Authority. WHO also responded to the request of the Palestinian Council for Health for financial and other assistance in the recruitment of staff and the equipping of five units responsible for the transfer of health services to the Palestinian Authority, the establishment of a health-data system to serve as the basis for health planning; design and evaluation of an insurance system; design of a regulatory framework for health services; and establishment of priorities in the environmental health sector.

57. After fielding a multi-disciplinary mission to the occupied territories in December 1993, ILO made organizational and functional recommendations to strengthen the Ministry of Labour, workers' organizations such as the General Federation of Trade Unions and employers' organizations such as the Chambers of Commerce. Meanwhile, ILO has already started technical assistance and advisory support to the Ministry of Labour and the other institutions.

58. The Special Coordinator in the Occupied Territories is coordinating bilateral and multilateral training programmes for the Palestinian police force. Utilizing a "training-of-trainers" approach, courses have thus far been given for over 500 police trainers. The Special Coordinator has played a central role in coordinating assistance to the police in several areas: in-kind donations; training; and, together with UNRWA, the channelling of donor contributions to cover salary and other recurrent costs of the Palestinian police force. Through close coordination with donors and daily contacts with senior police officials, the Office of the Special Coordinator maintains an overall view of the needs of the police force and the types of assistance offered, thereby avoiding duplication and overlap.

59. In-kind donations for the police were received from 16 donors. These donations covered requirements for: communications equipment, computer systems, construction of premises, forensic equipment, housing for families of the police force, personal and unit equipment, and vehicles. Training for members of the police force were provided by six donor countries and two United Nations organizations (the Centre for Human Rights and the Crime Prevention and Criminal Justice Branch of the United Nations Secretariat). Training covered the following areas: community policing, forensic science, human rights, investigation, management, maintenance of public order, public order and special duty, rescue service, role of the police and traffic. Most training activities were carried out in the Gaza Strip, though some courses were provided in donor countries. In early 1995, discussion between donor representatives and the Palestinian police force, facilitated by the Special Coordinator, began on the establishment of a Palestinian Police Academy to be built in Gaza. By June 1995, several donors had indicated to the Special Coordinator that they were considering providing a combined total of about $1.1 million, which would cover the construction costs of the academy and resident dormitories for cadets.

60. The Department for Development Support and Management Services of the Secretariat has undertaken two needs assessment missions at the invitation of the Palestinian Authority - one on strengthening the capacities of the Ministry of Planning and International Cooperation and the Ministry of Local Government Affairs, and the other on developing the institutional capacity of the Palestinian Authority in terms of civil service training and strengthening the

administrative functioning of the various ministries. United Nations Volunteers has also been exploring avenues of assistance to the Palestinian Authority and to United Nations organizations active on the ground requiring the specific expertise of United Nations Volunteers.

61. The United Nations Institute for Training and Research (UNITAR) has assisted Palestinians through training programmes in multilateral diplomacy and negotiations. Recently, UNITAR designed a training programme on the use of information system techniques for map production (such as land surveying, photogrammetry, cartography, geographic information systems and remote sensing) for Palestinians in the Ministry of Planning and International Cooperation, the Ministry of Local Government Affairs, the Palestinian Geographic Centre and the Ministry of Housing.

62. In its April 1995 mission to the occupied territories cited above, ICAO emphasized the need to restructure the Palestinian Civil Aviation Authority and to establish a comprehensive training programme with the technical assistance of ICAO.

1. Main development needs

63. The years of very limited access of Palestinians to public office and the absence of opportunities for experience and training in the field of public administration, have left Palestinians with an impoverished public administration capacity. Palestinians have expressed the need to develop stable and lasting public institutions which can deliver public services to the Palestinian population in an efficient and effective manner. Public institutions should adopt and practice uniform and sound administrative and management practices and develop a well-functioning civil service that can implement policy decisions within a cohesive framework of Palestinian law.

64. Public sector institution-building in the West Bank and the Gaza Strip requires assistance in four key areas critical to stability and sustainability of the public institutions: the structure and operation of the ministries, the layering of administrative capacity, human resources management and development, and the legal system.

65. The Palestinian Authority has repeatedly stated that it is working towards the visible demarcation of responsibilities among its ministries in order to rationalize their respective roles and to define the relationships between them. The operational and administrative procedures that the ministries use to conduct their day-to-day business need to be improved, and there needs to be (a) a degree of decentralization of decision-making to qualified managers and technical specialists; (b) a building up of a professional civil service based on merit; (c) an improvement in communication flows within the ministries; and (d) a procedure for record-keeping in order to establish a solid foundation for institutional memory. In addition, there needs to be clarification as to which layer of the administration - central government level, local government level or non-governmental organization level - bears responsibility for what fields, in light of comparative advantages of each and the benefits to the development of government and civil society.

66. The Palestinian Authority must develop standardized and uniform procedures, establish a performance-related career system and provide training to its civil servants. Training requirements throughout the Palestinian Authority are large, but can be grouped into the following categories: training in public sector management throughout the ranks of the Palestinian Authority, specialized training in functional areas and training in administrative processes. As with other administrations, there is a need to centralize the functions of assessment of Palestinian Authority training requirements.

67. Economic and social development, democratic consolidation and the promotion and protection of human rights all require a strong, rational and predictable legal system for their effective implementation. The current situation is characterized by a patchwork of Ottoman, Egyptian, Jordanian, and British Mandate laws, Israeli military orders, Palestinian decrees and a justice system which is nascent and ill-equipped. Rationalization and reform of the legal system to international standards, with the corresponding independent administration of justice, represent sizable tasks for the Palestinian Authority, and the Authority could benefit from appropriate international support in fairly protecting the population's interests under the rule of law.

2. Integrated United Nations approach

68. The strategy of the United Nations system for support to institution-building is aimed at moving beyond emergency and start-up assistance to the nascent Palestinian Authority institutions towards long-term issues of building sustainable national capacities in all aspects of governance. Once sectoral development strategies have been articulated by the Palestinian Authority, follow-up technical and advisory support can be provided by the United Nations system.

69. A key starting-point in public administration development was the May 1995 UNDP mission, through its Management Development and Governance Division, to work with the Palestinian Authority to identify needs for action in public administration development and begin the process of formulating an overall national strategy for public administration development.

70. The mission discussed the clarification of ministry mandates with the Palestinian Authority, emphasizing that it should be handled in such a way as to meet the development needs defined above. The mission also raised the issue of the development of an internal management framework to steer, coordinate and implement its public administration development activities. An appropriate structure for undertaking public administration development needs to be put in place both at the policy-making level, so that policy decisions effecting public administration development can be made, and at the operational level, so that the groundwork, including studies and technical work, can be undertaken upon which recommendations for policy decisions will be made. Training for civil servants must also be a priority, as should strengthening local government structures to promote the full contribution of Palestinian municipalities, towns and villages to national development. An exchange of experience and expertise needs to take place between large and relatively successful municipalities and smaller village and local councils; the supporting and coordinating role of the

Ministry of Local Government Affairs needs to be strengthened; and the role of Palestinian non-governmental organizations, many of which operate in the public sphere, needs to be rationalized. The technical expertise of Habitat can be utilized here.

71. In addition, the difficult process of developing a fully Palestinian legal framework, based on the existing laws as a starting point, needs to be undertaken in order to legitimize the legal system and provide a solid legal foundation for development. Further support will also be required for the strengthening of institutions for the administration of justice.

C. United Nations assistance in employment generation

72. ILO has been monitoring the conditions of workers in the occupied territories for almost two decades. The Director-General of ILO provides the International Labour Conference with an annual report on the situation of workers of the West Bank and the Gaza Strip. Soon after the September 1993 signing of the Declaration of Principles on Interim Self-Government Arrangements, Palestine Liberation Organization Chairman Arafat wrote and asked ILO to prepare a "blueprint" for the employment and social sectors of the West Bank and Gaza Strip. The ILO policy and programme suggestions, agreed to by the Palestinian Authority in January 1994, is contained in a report of January 1994 entitled "Capacity-building for social development: programme of action for transition in the occupied Palestinian territories."

73. In July 1994, the Special Coordinator and UNDP in cooperation with the Programme Management Unit of the Palestinian Economic Council for Development and Reconstruction, launched an $8 million employment generation/public works programme with funds from Japan and Norway. The two principal objectives of the programme, which became known as the "Gaza clean-up", were to create jobs immediately and to generate improvements in the overall quality of life for Palestinians in the Gaza Strip.

74. The first phase of the "Gaza clean-up" programme (September 1994-February 1995) sought to rehabilitate the poor state of infrastructure in the Gaza Strip, improve environmental conditions and undertake a massive house and public buildings painting campaign. Solid waste from public areas was collected and several parks were rehabilitated, improved and equipped to provide communities with an improved social environment. The programme was implemented in five areas of the Gaza Strip using over 22 small contractors and with a direct labour content of over 4,000 temporary jobs, many of them for ex-detainees.

75. The "Gaza clean-up" initiative illustrated the immediate impact that coordinated efforts can have. The sectoral working group on employment generation of the Local Aid Coordination Committee has since prepared two documents identifying priorities and projects in the area of employment generation. Through the coordinated efforts of UNRWA, ILO, UNDP, the Programme Management Unit of the Palestinian Economic Council for Development and Reconstruction, and donors, the sectoral working group on employment generation has identified rapidly implementable project proposals amounting to over

$60 million, all designed to generate employment opportunities in the Gaza Strip and Jericho.

76. In this connection, UNRWA received funding amounting to $10.5 million in the Gaza Strip for shelter rehabilitation and environmental health projects, and is currently in the final stages of negotiations for funding of the construction of playgrounds and schools. As a natural progression from this initiative, a second package of proposals is being formulated, covering more sustainable job creation, over a longer time scale. UNRWA has identified the need to construct additional schools, upgrade its vocational training centre, extend the graduate trainee programme and implement various environmental health projects. These proposals will provide much-needed services to the community, and at the same time will provide employment opportunities. UNRWA's Income Generation Programme, which runs a revolving loan programme in support of small enterprises, also targets job creation as a priority in its project development.

77. UNDP received funding for the following programmes which are being co-implemented with the Palestinian Economic Council for Development and Reconstruction: (a) the Gaza clean-up project, completed in December 1994; (b) the parks and neighbourhood re-transformation project, presently under implementation; (c) the employment-intensive tiling and paving programme for Gaza City, launched in December 1994; (d) paving and tiling of roads and sidewalks; and (e) rehabilitation of social infrastructure.

78. ILO has the following ongoing employment-related activities: reintegration, through employment, of ex-detainees; assistance in the creation of a Ministry of Labour and the development of labour policy and legislation; capacity-building of the Federation of Palestinian Chambers of Commerce; capacity-building for Palestinian trade union federation; an income-generating programme for the disabled through the production and maintenance of wheel chairs; assistance to the Palestinian Central Bureau of Statistics, including a regular labour force survey; and technical assistance, including the preparation of a strategy paper, for labour-intensive infrastructure.

79. The main implementing agencies specifically addressing the unemployment problem are UNRWA, UNDP and the Palestinian Economic Council for Development and Reconstruction. Other project managers include sector ministries, municipalities, village councils and non-governmental organizations. The management capacity of these implementation agencies has expanded considerably in the last year. UNRWA has increased its job creation activities from $1 to $2 million per year prior to the signing of the Declaration of Principles, to about $35 million in 1994. The figure for UNDP for 1994 is $22 million, up from $11 million, and the Palestinian Economic Council for Development and Reconstruction is currently managing over $15 million worth of infrastructure projects. In order to expand the employment generation programme, all existing project management capacity, in particular project implementation capacity, will have to be used effectively, and, furthermore, additional capacity will have to be created.

1. Main development needs

80. Unemployment in the Gaza Strip is the most immediate social and economic problem facing the development effort in the occupied territories. Massive unemployment is at the core of social, economic and political instability. It is causing severe damage to Palestinian society and is a potential threat to the stability upon which development and peace must be built. Palestinians, donors and the United Nations are in agreement over the need for short-term employment generation programmes focused on the Gaza Strip.

81. A preliminary review by ILO of the construction techniques presently in use indicates that shifting to more labour-intensive techniques for certain activities (e.g. sewerage and surface drainage) could create additional employment, while for other construction activities (e.g. building of schools) possibilities for increasing the labour-intensiveness are very limited. To obtain a more substantial enhancement of employment in the short term would require an immediate increase in the volume of infrastructure investments.

82. Unemployment is a structural problem requiring long-term solutions. The economy of the Gaza Strip is at present incapable of absorbing those workers who are currently unemployed, and it is unlikely that it will be able to absorb the expected increases in the number of job-seekers in the years ahead. Specific measures to address this problem should encompass a combination of policy instruments at both macro and micro levels and should include labour migration, employment services, training and development of small and medium-sized enterprises as part of the development of a job-creation strategy for the Gaza Strip.

2. Integrated United Nations approach

83. A United Nations strategy should focus on increasing the labour-intensiveness of individual projects, while simultaneously increasing the volume of projects undertaken using all available implementation capacities. This is being pursued by UNDP, UNRWA and ILO through the Local Aid Coordination Committee sectoral working group on employment generation, together with the Palestinian Authority and donor countries. In addition, an integrated approach to addressing the unemployment crisis in the occupied territories, developed by the ILO as the Palestinian Employment Plan, would seek to create the policy conditions for sustained economic growth, and, in particular, to strengthen the employment policy formulation capability of the Ministry of Labour. The approach should work to improve the small enterprise environment, providing necessary support and services to improve productivity and income from self-employment and entrepreneurship. In addition, expanding the social safety net for widows, orphans, the disabled, the sick and ex-detainees and improving the quality, relevance, and labour market orientation of human resource development should be a priority of employment policy. Improving employment opportunities in Israel and the region is fundamental to addressing unemployment in the West Bank and the Gaza Strip.

84. In addition, three strategic priorities for project development have emerged from joint consultations between the United Nations, donors and the

Palestinian Authority: (a) infrastructure improvements should produce permanent benefits for the population of the Gaza Strip; (b) the labour-intensive approach should not be restricted to short-term emergency projects, but should also be applied to non-emergency projects where feasible and where cost-effective and timely execution is possible using labour-intensive methods; and (c) the identification and prioritization of projects should be carried out through consultations between the Palestinian Authority, municipalities, the United Nations and donors.

D. United Nations assistance to private sector development

85. UNDP assistance to private sector development has been designed to meet emerging needs in the light of the prevailing circumstances in the West Bank and the Gaza Strip. UNDP has supported initiatives in the field of management assistance, management and technical training, improved marketing facilities, credit and capital assistance, as well as training in modern irrigation techniques to help address the diminishing water resources in the Gaza Strip and the cost of production. When citrus markets in Eastern Europe became inaccessible to Palestinian citrus produce, a citrus processing plant project was initiated in the Gaza Strip to absorb the overproduction. The fisheries sector, a staple sector of the Gaza economy, was supported by strengthening the fishermen's cooperative, helping it to build an ice factory and a fish market. Agriculture export marketing to Europe was bolstered through the construction of a packing and grading factory and cold storage facility at Beit Lahia cooperative in Gaza.

86. Upon the reactivation of the Palestinian Chambers of Commerce in 1991 and realizing the importance of private sector organizations, UNDP organized and conducted a study tour of representatives of all the Palestinian Chambers of Commerce to a number of Arab and European countries. Business development was modestly addressed through provision of advisory services, training, credit and strengthening of vocational training centres in both the West Bank and Gaza. As of the beginning of 1995, UNDP began implementation of its TOKTEN programme to mobilize Palestinian diaspora skills to assist private sector development and strengthen the supporting institutions that would nurture its growth.

87. UNRWA established its income generation programme in the Gaza Strip and the West Bank in 1991 in the form of a revolving loan fund to assist small businesses in both formal and informal sectors of the economy producing goods for sale locally and abroad. The goal of the programme is to create employment opportunities by promoting creation and expansion of small businesses primarily in the manufacturing and the productive sectors of the economy. In less than four years, the fund's capital base in the Gaza Strip alone has grown from approximately $300,000 to $4 million, supplying credit to over 170 small enterprises. The programme provides management support and training for entrepreneurs and, despite repeated shocks to the Gaza Strip economy, has managed to maintain a high repayment rate. At present, 35 per cent of its Gaza Strip capital fund of $4 million is made up of repaid funds.

88. The United Nations Conference on Trade and Development (UNCTAD) has published a number of economic studies and surveys on the Palestinian economy

that have been used as references for research on the economies of the West Bank and the Gaza Strip. The UNCTAD secretariat has completed the first part of an inter-sectoral research project on prospects for sustained development of the Palestinian economy, identifying major problem areas and the immediate needs of the various economic and social sectors.

89. The International Fund for Agricultural Development (IFAD) has been active in supporting development work in the West Bank for several years through the non-governmental organization American Near East Refugee Aid (ANERA), and, since 1991, the International Trade Centre (ITC) has been exploring ways to support agricultural marketing of West Bank and Gaza Strip produce. At the request of the Special Coordinator, ITC has also prepared a proposal for a technical cooperation project on the establishment of industrial zones in Gaza and the West Bank.

90. The United Nations Industrial Development Organization (UNIDO) has long been delivering services for the industrial development of the occupied territories. From 1980 to 1993, 15 technical assistance projects were carried out, ranging from a survey of the manufacturing industry in 1986 to human resources development to pre-feasibility project identification studies as well as assistance to the chemical industries. In late 1994, UNIDO developed a programming strategy for services to the Palestinian people, through which UNIDO would provide technical assistance in the areas of private sector development, development of small- and medium-scale enterprises, human resources development for the industrial sector, acquisition and application of technology to enhance competitiveness and industrial regional cooperation and integration.

91. In its January 1994 report, ILO proposed a programme of action to contribute to capacity-building for the labour and social sectors through institution-building and training of institutional leadership, particularly the Palestinian Authority's Ministry of Labour, workers' organizations, such as the General Federation of Trade Unions both in Gaza and the West Bank, employers' organizations and the Chambers of Commerce. ILO has already begun efforts to strengthen the Ministry of Labour, has an ongoing project with the Palestine Statistical Bureau for the preparation of labour statistics and is assisting the Chambers of Commerce to review their constitutions and establish a computerized enterprise database.

92. The Food and Agriculture Organization of the United Nations (FAO) and ESCWA have jointly undertaken several agricultural sector studies, in 1993 and again in late 1994, focusing on the role of the public agricultural institutions. A programme of action has been recommended for the restructuring, development and strengthening of the Palestinian agricultural institutions. ESCWA has also addressed the need to develop entrepreneurship through training of trainers and training of potential entrepreneurs.

1. Main development needs

93. The Palestinian Authority, as clearly delineated in its Programme for the Development of the Palestinian National Economy, emphasizes an economic policy lead by private sector growth. The role of the public sector is seen as one

which should be defined by policies to enable private sector development (e.g. the establishment of predictable and guaranteed regulatory frameworks, public sector development of infrastructure, etc.).

94. The private sector accounts for about 85 per cent of GDP of the occupied territories. The sector is vulnerable because of its dependence on Israel as its principal trading partner (70 per cent of West Bank and Gaza Strip trade exports are to Israel) and supplier of raw materials and many finished products. In addition, one quarter of the Palestinian labour force is dependent on employment in Israel. The repeated closures have, therefore, had a negative impact on the private sector in Gaza, causing permanent reductions in consumer purchasing power and other manifestations of recession. Over time, the prohibitive investment environment in the occupied territories has stunted economic diversification. Private sector investments are heavily concentrated in the construction sector; 85 per cent of investments are made in construction, primarily in housing.

95. There is no substitute for a stable political environment and clear and efficient governance to induce investments and increase economic activity. The Palestinian Authority has inherited a fragmented institutional framework that is ill-equipped to prepare and implement development programmes or coordinate and administer the sizeable and varied inputs from donor countries. The need to strengthen the new Palestinian ministries and institutions to assist in creating an enabling environment is a great and immediate priority.

2. Integrated United Nations approach

96. The interventions of the United Nations system in private sector development should promote sustainable economic development through the support of local capacities, while taking full account of the needs of women and marginalized groups. In partnership with Palestinian counterparts, the United Nations should help to promote Palestinian Authority strategies and priorities, complement World Bank efforts in this sector and operate within a regional development perspective.

97. The planned approach of the United Nations system to development of Palestinian capacities in trade includes advice to the Palestinian Authority on foreign trade strategies and the establishment and strengthening of the institutional infrastructure for trade development and promotion. At the level of the enterprises themselves, United Nations agencies plan to support product and market development for selected sectors (including quality upgrading) as well as assistance to trade and industry in diversifying their exports through the establishment of effective and efficient trade support services (e.g. purchasing and supply management, trade information, quality management, costing and pricing, support to small and medium-sized enterprises, export-oriented joint ventures and legal aspects of foreign trade). A number of technical cooperation projects have been prepared by ITC and UNCTAD, the agencies specialized in trade issues. UNIDO has expressed an interest in the area of product development.

98. The United Nations system should provide technical assistance in support of investment promotion through the creation of an appropriate institutional and procedural framework for investment promotion. ITC and UNCTAD should contribute substantively to investment promotion and, through UNIDO, should build capacities to plan and assess industrial investments. Advisory and direct consultancy services need to be developed for potential investors in the preparation of pre-investment studies and the determination of an optimal financing plan. There is also a need for advice and training in support of export-oriented joint ventures, as well as training to increase the managerial skills of personnel in financing institutions.

99. Entrepreneurship is an important area of private sector development, as well as for the generation of employment. ESCWA, UNDP, ILO and UNRWA should continue to implement programmes to assist the Palestinian Authority to formulate and implement a plan of action to develop a conductive environment for entrepreneurship and self-employment, including harmonization and simplification of laws, rules and practices relating to small business registration, start-up and operation. ESCWA has formulated project proposals for the establishment of business and technology incubators to nurture new manufacturing start-ups and the creation of a National Small Business Council. ILO is proposing to revitalize the small business sector by building capacities for integrated small enterprise promotion through the Chambers of Commerce. The United Nations approach to the expanding informal sector seeks to increase the (low) participation rate of women in business start-ups and assist the Palestinian Authority, non-governmental organizations and private sector institutions in developing and implementing special financing and credit schemes for promoting entrepreneurship and starting small-scale businesses. ESCWA should expand its training programmes to support potential entrepreneurs, particularly women and social groups affected by unemployment.

100. A priority of private sector development is to organize and strengthen agricultural public institutions and address issues to support agricultural exports. The FAO strategy for agricultural development calls for an action programme to restructure, develop, and strengthen the Ministry of Agriculture in the context of ongoing development activities by the non-governmental organization community. ITC can provide direct consultancy services in export marketing of agricultural produce, with a view to the expansion and diversification of exports, by-products and markets. To overcome non-tariff barriers, UNDP formulated an action programme for pesticide residue testing and control of agricultural produce.

101. Industrial development requires support from the Palestinian Authority to create a favourable environment for industrial investment. Institutions should be set up to help enterprises obtain access to foreign markets, and industrial support services and infrastructure should be improved, including (a) industrial strategy and policy advice; (b) advisory and institutional support services on industry-related implications of global and regional economic and trade agreements; (c) establishment of the unified base of statistics and data on the manufacturing sector; (d) strengthening of the Chambers of Industry, industry associations and other concerned non-governmental organizations; (e) establishing a standards institution, setting industrial standards and introducing quality assurance measures. Industries of all sizes require access

to up-to-date information in a broad spectrum of areas, including technologies, equipment and machinery, patents, environmental protection, investment opportunities, technology transfer options, market trends and export potentials. In particular, small and medium-sized industries also require support in entering into joint venture arrangements and technology transfer negotiations and developing techniques of innovation, productivity and quality control for international competitiveness. In addition, small and medium-sized enterprises require sectoral policies, networking and basic technical support, while the capacity for developing human resources must be built up so that emerging industries in the occupied territories can respond effectively to the new industrial development challenges.

E. United Nations assistance in education

102. UNDP, UNESCO, UNICEF and UNRWA have all played important roles in assisting the education sector in their specific capacities.

103. Between 1986 and 1993, the education sector received special attention from UNDP, focusing on building governmental and non-governmental schools in cities and in assisting some private schools at different levels. In 1992, the programme policy shifted to focus on classrooms for girls in rural areas. UNDP policy at present is to work in close cooperation with the Palestinian Authority Ministry of Education as well as with relevant non-governmental organizations. Current educational activities are focused mainly on provision or rehabilitation of infrastructures, such as construction of additional classrooms in villages, rehabilitation of two agricultural school buildings in the West Bank and Gaza Strip, rehabilitation of a school complex in Jericho and others. UNDP is presently implementing a comprehensive study on the school drop-out rate for girls and is planning a training series in leadership skills from a gender perspective for women already employed in government positions.

104. For more than four decades, UNESCO assistance has included promoting a Palestinian cultural identity, providing senior educational advisers to UNRWA, assisting in the development of an open learning system, granting fellowships to Palestinians studying abroad and providing equipment and furniture for the education institutions. Missions have been organized by UNESCO, in coordination with UNRWA, the World Bank, UNDP, UNICEF, ILO, UNIDO and WHO, aimed at reviewing the situation of education and identifying the needs associated with the reconstruction and development process. A Programme of Assistance to the Palestinian People, including 12 project proposals for education (basic and secondary education, management of the education system and higher education) was agreed to in May 1995 by the Palestinian Authority and UNESCO. A Plan of Action has been adopted by the PLO/UNESCO Joint Coordination Committee comprising 26 activities.

105. UNICEF's programme of assistance to Palestinian women and children started in the West Bank and Gaza in 1980, focusing on the fields of health and education. In 1991, a larger UNICEF operational presence resulted in expanded cooperation in the fields of youth activities, out-of-school and community-based education, primary education and early childhood development. In the health sector, UNICEF is focusing on increasing and improving the quality of basic

services delivery to children and women and on filling critical gaps in what was a continuous emergency situation. In the absence of a government counterpart, support to educational projects centred on UNRWA and non-governmental organizations. Since August 1994, the UNICEF Jerusalem office has been upgraded to undertake an expanded programme in the West Bank and Gaza. In cooperation with the Palestinian Authority, the Ministry of Education, as well as with non-governmental organizations, the UNICEF educational programme comprises basic education, psychosocial rehabilitation of children and youth, early childhood development and non-formal education.

106. Since 1950, UNRWA has been the single largest provider of education in the Gaza Strip, ensuring free elementary and preparatory education to 109,833 refugee children in 159 schools, of which 108 schools operate on a double-shift system, utilizing a budget of $35.4 million in 1993 and employing 3,170 teachers. In the West Bank, UNRWA is responsible for the technical and administrative supervision of elementary and preparatory education, comprising a total of 100 schools. The Agency has had to build and/or rent more schools and classrooms and employ more teachers to accommodate the natural increase in the school population. UNRWA also provides vocational training courses to Palestinian refugees with skills in industrial areas, trades, crafts or occupations (designing, producing, assembling, servicing or repairing of manufactured products). UNRWA's training centres play an important role in preparing young Palestinian refugee boys and girls for employment opportunities.

1. Main development needs

107. The Palestinian Authority took charge of the educational system on 28 August 1994 for the first time after 27 years of occupation. For the Palestinians, in general, and for the Ministry of Education, in particular, this transfer of authority represented a real challenge to work on upgrading the educational system and raising its standards to provide Palestinians with better conditions of living, meet the needs of Palestinian society and to be able to interact and compete with the world community.

108. In the past 27 years, higher education institutions in the West Bank and Gaza Strip were established independently and have continued to operate during the occupation, under the coordination of the Council for Higher Education. There are now 8 universities, all private, with an enrolment of 29,508 students in 1994-1995, and 21 community colleges (5 government, 12 private and 4 UNRWA), with 7,500 students. Though higher education is comparatively well-developed in quantitative terms, its major concern is that of academic quality and difficulties arising from the temporary closure of universities by military order during the period of the intifadah.

109. In basic (grades 1-10) and secondary education, the situation is more complex. Since 1948, the West Bank and the Gaza Strip have followed different educational systems - the Jordanian system for the West Bank and the Egyptian system for the Gaza Strip. Education has been provided in three ways during the occupation - public schools administered by the Israeli authorities, UNRWA schools and private schools. The total number of public schools, UNRWA and private schools is 1,433. During the 1994-1995 school-year, 238,000 students

were enrolled in the Gaza Strip and 345,000 in the West Bank (not including private schools). The gross enrolment rates in 1994 were the following: 70 to 85 per cent for primary schools, 45 to 65 per cent for preparatory schools and 25 to 35 per cent for secondary schools. Girls account for 48 per cent of total enrolment of primary education and 44 per cent of secondary level. Recent research shows comparatively low achievement levels in school education, which can be explained by the disruption of the school system during the last decade, the closing of educational institutions for long periods, the shortage of funds and equipment and the lack of maintenance of school facilities.

110. Pre-school education is usually supported by the private sector and by non-governmental organizations. With the limited funds available to the education sector, it should continue to be supported privately, and the Ministry of Education could play a supervisory role.

111. Non-formal education programmes (adult education/literacy) are usually carried out and supported by a variety of social and educational institutions as well as by non-governmental organizations. The Ministry of Education does not provide financial support for non-formal education, but it plans to supervise the quality of teachers and of teaching in literacy programmes, to support literacy centres and continuing education units and to provide the legal framework for the integration of formal and non-formal education programmes. More integration and linkages between formal and non-formal education should be encouraged to sustain education as a field covering a full range of learning needs of children, youth and adults.

112. The Ministry of Education is in need of external assistance to develop the educational system because of a lack of financial resources and technical expertise. Development projects are currently planned by the Ministry of Education in order to raise the quality of education and introduce a unified educational system, to develop the skills required in the modern world, to train high-level technicians and scientists and to launch inter-university cooperation programmes. Emphasis is also laid on the integration of young people and adults whose studies or careers were interrupted because of the emergency situation and on the need to offer them opportunities for work through training programmes.

113. On several occasions, the Ministry of Education has stressed the necessity and the importance for the donor community to harmonize the project proposals with the following priorities: (a) supporting school rehabilitation and reconstruction; (b) providing schools with equipment and educational material; (c) supporting teacher training; (d) establishing and supporting a curriculum development centre; (e) developing the community colleges; (f) supporting the planning and information system; (g) improving qualitative development of higher education institutions and research; (h) developing the capacity of the Ministry of Education; (i) supporting non-formal education and special education.

114. Within the objective of sustaining universal access to basic education and developing secondary and higher education, the Ministry of Education emphasized the importance of fostering education for girls and women.

2. Integrated United Nations approach

115. The United Nations approach is to build local capacities for implementation of policies and programmes in line with the World Declaration on Education For All and the United Nations Convention on the Rights of the Child, stipulating that by the year 2000 all children should have access to primary education and at least 80 per cent of them should achieve a basic minimum level of primary education. Early childhood activities should be expanded and adult illiteracy rates should be halved, with a particular focus on reducing gender disparity, focusing on the education of girls and women. Support for capacity-building of the Palestinian Authority institutions has become a priority for UNICEF and the formulation of a national programme of action has become an immediate goal to ensure political and social mobilization and long-term planning for children.

116. Based on consultations with the Ministry of Education, the United Nations inter-agency meeting, held in Gaza on 15 and 16 June 1995, agreed upon principles to guide the United Nations strategy for education which included: (a) United Nations compliance with the strategies and priorities established by the Ministry of Education; (b) cooperation among United Nations sister agencies, in close coordination with the Office of the Special Coordinator, the donor community and the non-governmental organizations; (c) consultation with United Nations agencies to emphasize complementarity of programmes; (d) sharing of expertise and experiences of the United Nations agencies and the Palestinian Authority; (e) coordinated fund-raising efforts.

117. In light of the needs identified above, United Nations agencies and programmes, in cooperation with the Ministry of Education, have targeted the following areas of assistance: the planning, monitoring and management capacities of the Ministry of Education need to be strengthened, particularly in the areas of assessment of teaching and learning, data collection and analysis, policy planning, budgeting and financial analysis and training and supervision of administrative and professional staff.

118. Educational infrastructures require upgrading and expansion. The lack of investment during the occupation and rapid population growth have left the educational infrastructure overburdened (double or triple shifts and shortage of facilities). Most schools, whether belonging to UNRWA or the Palestinian Authority, are overcrowded, with the average classroom size currently exceeding 50 pupils. Decreasing the average class size is necessary to improve both access and quality. Additional classrooms and schools are required for the growing student population. In addition to selecting schools to be upgraded or built, the issue of equity between regions and genders should be assessed, with studies on selected policy matters, such as reducing imbalances for disadvantaged groups and increasing internal efficiency, in order to enable policy makers to make decisions based on in-depth analyses of local conditions and on comparative analysis of countries facing similar problems.

119. Palestinian children and youth lack a safe and enriching out-of-school environment to promote their psychological well-being and growth. Early childhood development and the social, emotional and cognitive development needs of young children should be accorded more resources and should be addressed more systematically. In addition, informal education programmes, such as literacy

and adult education programmes and community-based education activities (integration of "life skills" learning, use of play, arts, recreational activities) need to be supported.

120. Higher education, vocational and technical education should be re-examined and the linkage of higher education institutions with the new economic and social needs and the community should be analysed and strengthened. Teaching and learning quality should be advanced through the establishment of a curriculum development unit, which would provide a unified standard of education for both Palestinian Authority and UNRWA schools in the West Bank and Gaza, based on improved content, teaching methods, student achievements and attitudes.

121. Close relations have been established by UNRWA with the Ministry of Education in the field of in-service training for teachers and maintenance of government schools, providing the Ministry of Education with a supporting and advisory role. In close cooperation with the Palestinian Authority, UNRWA is planning an assessment of teaching standards and a project proposal for the upgrading of teachers' qualifications. An evaluation of educational facilities will also be undertaken to improve the quality of accommodation.

122. ITC is interested in supporting training activities for human resources development. Within the framework of a project for capacity-building for social development, ILO is currently supporting vocational education and training activities. The United Nations Population Fund (UNFPA) has expressed the interest and availability to support the field of health and population education, targeting in particular girls and women. No projects are currently implemented by the United Nations Development Fund for Women (UNIFEM), but work is in progress to analyse the situation and to identify areas of collaboration with other agencies (analysis of gender gaps to promote equity of education). UNITAR has expressed its willingness to build and strengthen human capacities with training courses and packages for higher education, for a planned amount of $700,000 for the next two years.

123. The role of WHO in the education sector is through health education, human resources development and training of medical staff (mental health centre in Gaza, mother/child health education), in particular for new specialities and for supporting medical schools.

F. United Nations assistance in health

124. United Nations organizations have played an active role in the health sector. UNDP, UNFPA, UNICEF, UNRWA and WHO have all been actively engaged in discussions with the Palestinian Council of Health prior to the redeployment in May 1994 and later with the Ministry of Health. These agencies assisted in developing health sector plans that incorporate a national approach to planning in the health sector, while taking note of the Interim Action Plan which was presented by the Ministry of Health.

125. UNDP is contributing to the health sector by supporting and facilitating the work of the Palestinian Coalition for Women's Health. The Coalition is working on policy formulation at the grassroots level. The Coalition has

prepared a Palestinian Policy on Women's Health, is training health care providers and has launched wide-scale awareness campaigns. Through its Rural Development Project, UNDP is also supporting the training of women health workers and is financing two community-based clinics in two northern villages.

126. In addition, UNDP has been actively involved in the environmental health sector, addressing such issues as construction rehabilitation, upgrading and maintenance of water supply schemes in rural and urban areas, sewage collection systems, training of municipal staff, water resources management and public awareness campaigns.

127. UNFPA has been requested by the Ministry of Health to develop a reproductive health care programme at the primary health care level, including information activities, in accordance with the recommendations of the International Conference on Population and Development held at Cairo in September 1994.

128. UNICEF's programme components in the health sector include the Expanded Programme of Immunization and the Control of Acute Respiratory Infections and Control of Diarrhoeal Diseases programmes. In tackling nutritional issues, UNICEF has initiated the Baby Friendly Hospital Initiative. UNICEF is also involved in projects in the areas of maternal health, health services management, psychosocial health and early childhood development.

129. In line with the World Summit for Children goals for children and the United Nations Convention on the Rights of the Child, UNICEF has developed a programme of assistance which targets the development of policy and protocols in the health sector and supports the management, human resources development, monitoring and evaluation of projects. Accordingly, UNICEF has initiated and supported the development of the National Programme of Action for Children. UNICEF is currently supporting the establishment of a permanent Health Services Management Unit.

130. UNRWA has had a long involvement in the health sector in the Gaza Strip, where it provides 75 per cent of primary health care services. UNRWA's 65 doctors, 149 nurses and 35 paramedics, among other health professionals, in Gaza operate out of nine general service health centres, six of these on double shift. There are an additional seven mother and child health clinics, as well as dental and specialist clinics. UNRWA subsidizes 50 out of the 85 beds in the Ahli Arab Hospital in Gaza City. In 1993, UNRWA began construction of the Gaza Hospital, a 230-bed facility near Khan Younis. The Hospital is nearing completion and will serve the southern Gaza Strip. The acquisition and expansion by UNRWA of Gaza's principal nursing college will contribute to the staffing of the hospital now under construction.

131. UNRWA's health services provide primary health care as well as hospital service at the secondary and tertiary levels. Hospital services are provided at UNRWA's hospital in Qalqilya town and at other hospitals through subsidies (for example, UNRWA subsidizes 118 beds at the Augusta Victoria Hospital in Jerusalem and over 50 beds at a number of institutions throughout the West Bank).

132. Under the first phase of its Peace Implementation Programme, UNRWA has received funding for environmental health projects (e.g. upgrading solid waste and sewerage/drainage in the West Bank and Gaza Strip), as well as the construction and rehabilitation of laboratories, clinics, health centres and other health institutions. Funding has also been received for health education campaigns, training programmes and medical supplies. Under the second phase, further environmental and other health projects have been identified and designed and are ready for implementation.

133. WHO assistance has focused on institutional development of the Palestine Council of Health and the Ministry of Health to meet the immediate health needs of Palestinians within the framework of the National Health Plan. WHO's objectives are to develop effective and efficient management capacities in the National Health Authority to upgrade health care services and ensure the continuity of health care provision; and to formulate a detailed five-year implementation plan.

134. Other agencies and programmes active in the health sector include the International Atomic Energy Agency (IAEA), which has prepared a technical assistance programme aimed at upgrading skills for application of nuclear science and technologies in the health sector. The World Food Programme (WFP) has been active in providing emergency food assistance as recently as March 1995, when WFP provided food support to 7,150 of the most destitute families in the Gaza Strip.

1. Main development needs

135. A Palestinian National Health Plan, drawn up by the National Health Plan Commission, targets three strategic orientations: disease prevention, health promotion and health protection. The Plan sets out a number of specific areas of concern, such as coordinating and developing an action plan for all health providers (the Palestinian Authority, UNRWA, the private sector and non-governmental organizations); reducing health disparities by region and social group; increasing access to services for all; encouraging cost effectiveness in health care delivery; developing health service standards and criteria of professionalism; and establishing a comprehensive health insurance system.

2. Integrated United Nations approach

136. The United Nations approach to the health sector is based on the mandates of United Nations organizations active in the sector and on support to the Palestinian National Health Plan. The United Nations approach includes technical assistance for health programmes and projects; support to health institutions; strengthening coordination of activities of the United Nations, non-governmental organizations and other agencies in order to avoid duplication; formulation of national and institutional policies and strategies; development of a universal base of health sector data required for health planning; strengthening national capacity to manage health services; and formulation of policies and strategies for human resources development.

137. The United Nations system should provide technical assistance in the areas of national health planning, education and training of health staff, rehabilitation of health facilities, implementation of environmental health projects, acquisition of equipment and medical supplies needed for specific projects and regional integration in health sector development. In addition, the Ministry of Health will require support in the establishment and/or strengthening of training institutions and the development of course curricula for training of trainers in technical and management aspects of health service provision. The Ministry of Health will also require United Nations assistance in the transfer of new technologies and the introduction of information management systems, as well as the establishment of standards, preparation of health legislation and introduction of quality control measures.

ANNEX

United Nations departments, programmes and agencies active in the occupied territories

Centre for Human Rights

Crime Prevention and Criminal Justice Branch

Department for Development Support and Management Services

Economic and Social Council for Western Asia (ESCWA)

Food and Agriculture Organization of the United Nations (FAO)

International Atomic Energy Agency (IAEA)

International Civil Aviation Organization (ICAO)

International Fund for Agricultural Development (IFAD)

International Labour Organization (ILO)

International Maritime Organization (IMO)

International Telecommunications Union (ITU)

International Trade Centre UNCTAD/GATT (ITC)

Office of the United Nations Coordinator in the Occupied Territories

United Nations Centre for Human Settlements (Habitat)

United Nations Children's Fund (UNICEF)

United Nations Conference on Trade and Development (UNCTAD)

United Nations International Drug Control Programme (UNDCP)

United Nations Development Fund for Women (UNIFEM)

United Nations Development Programme (UNDP)

United Nations Educational, Scientific and Cultural Organization (UNESCO)

United Nations Environment Programme (UNEP)

United Nations Industrial Development Organization (UNIDO)

United Nations Institute for Training and Research (UNITAR)

United Nations Population Fund (UNFPA)

United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

United Nations Volunteers (UNV)

Universal Postal Union (UPU)

World Food Programme (WFP)

World Health Organization (WHO)

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Fiftieth session
Item 20 (b) of the preliminary list*
STRENGTHENING OF THE COORDINATION OF HUMANITARIAN AND DISASTER RELIEF ASSISTANCE OF THE UNITED NATIONS, INCLUDING SPECIAL ECONOMIC ASSISTANCE: SPECIAL ECONOMIC ASSISTANCE TO INDIVIDUAL COUNTRIES OR REGIONS

ECONOMIC AND SOCIAL COUNCIL
Substantive session of 1995
Item 5 (c) of the provisional agenda**
SOCIAL, HUMANITARIAN AND HUMAN RIGHTS QUESTIONS: REPORTS OF SUBSIDIARY BODIES, CONFERENCES AND RELATED QUESTIONS: IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES BY THE SPECIALIZED AGENCIES AND THE INTERNATIONAL INSTITUTIONS ASSOCIATED WITH THE UNITED NATIONS

Letter dated 30 June 1995 from the Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People addressed to the Secretary-General

I have the honour to draw to your attention the report of the Seminar on Palestinian Administrative, Managerial and Financial Needs and Challenges, held in Paris at the headquarters of the United Nations Educational, Scientific and Cultural Organization from 28 to 30 June 1995. The Seminar was convened by the Committee on the Exercise of the Inalienable Rights of the Palestinian People in accordance with its mandate to promote international support for and assistance to the Palestinian people during the transitional period.

The Seminar provided a framework for an exchange of views on various aspects of the current challenges facing the Palestinians in their efforts to

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** E/1995/100.

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establish an effective administration in the area under the Palestinian Authority and the measures that can be taken and the role of international assistance in that regard. Major categories of participants in the seminar were donor countries, intergovernmental organizations, United Nations bodies and agencies and non-governmental organizations active in the field, as well as Palestinian, Israeli and other experts. The Committee considers that the seminar was a timely and useful event and hopes thereby to have made a constructive contribution to international efforts to promote Palestinian social and economic development, which is so essential for the achievement of a just and lasting peace.

I have the honour to attach for your information the report of the Seminar (see annex). I should be grateful if you would have the text of the present letter and its annex circulated as a document of the General Assembly under item 20 (b) of the preliminary list, and of the Economic and Social Council, under agenda item 5 (c).

(Signed) Kéba Birane CISSÉ
Chairman
Committee on the Exercise of the Inalienable
Rights of the Palestinian People

ANNEX

United Nations Seminar on Palestinian Administrative, Managerial and Financial Needs and Challenges, held at the headquarters of the United Nations Educational, Scientific and Cultural Organization, Paris, from 28 to 30 June 1995

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I. INTRODUCTION

A. Organization of the Seminar

1. The Seminar on Palestinian Administrative, Managerial and Financial Needs and Challenges was convened by the Committee on the Exercise of the Inalienable Rights of the Palestinian People in accordance with its mandate to promote international support for and assistance to the Palestinian people during the transitional period. The Seminar was held in Paris from 28 to 30 June 1995, at the headquarters of the United Nations Educational, Scientific and Cultural Organization (UNESCO).

B. Participation

2. The Committee on the Exercise of the Inalienable Rights of the Palestinian People was represented by a delegation comprising Mr. Kéba Birane Cissé (Senegal), Chairman; Mr. Ravan A. G. Farhadi (Afghanistan), Vice-Chairman; Mr. Joseph Cassar (Malta), Rapporteur; Mr. Alimamy Bangura (Sierra Leone); and Mr. Nasser Al-Kidwa (Palestine). The officers of the Committee served as officers of the Seminar in their respective capacities.

3. Invitations to participate in the Seminar were extended to Governments, intergovernmental organizations, organizations and agencies of the United Nations system and non-governmental organizations. A number of experts were invited to make presentations at the Seminar.

4. The following Governments were represented: Algeria, Argentina, Austria, Bahrain, Belarus, Belgium, Brazil, Brunei Darussalam, Canada, Chad, Colombia, Costa Rica, Cyprus, Czech Republic, Ecuador, Egypt, Greece, Hungary, India, Indonesia, Iran (Islamic Republic of), Ireland, Italy, Japan, Jordan, Malawi, Mexico, Morocco, Namibia, Nepal, the Netherlands, Norway, Qatar, Republic of Korea, Russian Federation, Saudi Arabia, Senegal, South Africa, Spain, Sweden, Switzerland, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates and United Kingdom of Great Britain and Northern Ireland.

5. The following organizations, agencies and entities of the United Nations system participated: UNESCO, International Labour Organization (ILO), United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP), United Nations Institute for Training and Research (UNITAR), United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), Office of the United Nations High Commissioner for Refugees (UNHCR), International Monetary Fund (IMF), World Health Organization (WHO) and Department for Development Support and Management Services of the Secretariat.

6. The following intergovernmental and national organizations were represented: Movement of Non-Aligned Countries, Organization of the Islamic Conference (OIC), League of Arab States, European Commission, Group of 77, French National Audit Office and International Institute for Public Administration (France).

7. The delegation of Palestine took part in the work of the Seminar.

8. The following experts participating in their individual capacity presented papers:* Mr. Hussein Al-A'raj, Deputy Head for Local Government, Palestinian Authority; Mr. Atef Alawneh, Deputy Head, Department of Finance, Palestinian Authority; Mr. Ibrahim Al Daghma, Chief, Legal Advice and Legislation Department, Palestinian Authority; Mr. Bishara A. Bahbah, Associate Director, Institute for Social and Economic Policy in the Middle East, Harvard University; Mr. Amin Baidoun, Director-General for International Cooperation, Palestinian Authority; Mr. Fouad H. Beseiso, Governor, Palestinian Monetary Authority; Mr. Abdel Hamid Bouab, Officer-in-Charge, Public Finance and Enterprise Management Branch, Department for Development Support and Management Services, United Nations Secretariat; Mr. Alfons Calderón Riera, Assistant Professor, Escuela Superior de Administración y Dirección de Empresas, Barcelona; Mr. Georges Capdeboscq, Counsellor, French National Audit Court; Mr. Alain Claisse, Professor of Public Law, Université de Paris; Mr. Ghassan El-Shakah, Mayor of Nablus; Mr. Musa D. Ghosheh, Head, Employees Bureau, West Bank; Mr. Yair Hirschfeld, Director-General, Economic Cooperation Foundation and Senior Lecturer, University of Haifa; Mr. George Jadoun, Technical Programme Manager, Training Focal Point for Palestine, ILO International Training Centre, Turin; Ms. Muna H. Jawhary, Economist-Consultant, London/Jerusalem; Mr. Gilles Johanet, Counsellor, French National Audit Court; Mr. Mustafa A. N. Natshe, Mayor of Hebron; Mr. Stephen B. Peterson, Research Associate, Harvard Institute for International Development, Harvard University; Mr. Shibley Telhami, The Brookings Institution, Washington, D.C.

9. The Presbyterian Church (USA) attended as a non-governmental organization.

C. Opening of the Seminar

10. At the opening session, a statement was made on behalf of the Director-General of UNESCO by Mr. Omar Massalha, Director, Coordination Unit for Assistance to the Palestinian People, UNESCO secretariat. A message from the Secretary-General of the United Nations was read out by his representative, Mr. Robert Gallagher, Deputy to the United Nations Special Coordinator in the Occupied Territories. Statements were made by Mr. Ravan A. G. Farhadi, Vice-Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People and by the representative of Palestine, Mrs. Leila Shahid, General Delegate of Palestine to France and Permanent Observer of Palestine to UNESCO.

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* Mr. Sameer Abu-Eisheh, Dean, Faculty of Engineering, Al-Najan University, who had accepted an invitation to present a paper at the Seminar, was not given an exit visa by the Israeli authorities. His paper was, however, circulated to the participants.

D. Agenda

11. The purpose of the Seminar was to provide a framework for an expert discussion on the problems of institution-building and socio-economic development, and on measures to be taken during the transitional period, with special emphasis on the questions of administration, management and finance in the light of the developments that have taken place in the course of the past year.

12. In the plenary sessions and in the course of the round-table discussions, the participants addressed the following general themes:

(a) Palestinian administrative, managerial and financial needs and challenges - the role of international assistance;

(b) The Palestinian Authority - needs and challenges of administration;

(c) Laying the foundation for public financial management;

(d) Supporting the development of Palestinian municipalities and public utilities;

(e) Human resources development and management - building institutional capacity.

II. SUMMARY OF PRESENTATIONS

A. Opening session

13. On behalf of the Director-General of UNESCO, Mr. Omar Massalha, Director, Coordination Unit for Assistance to the Palestinian People, UNESCO secretariat, welcomed the participants in the Seminar. He stated that, since 1950, UNESCO had been working through UNRWA in the areas of education, science and the preservation of the Palestinian cultural heritage and had also provided scholarships for Palestinians to study abroad. With the transfer of powers to the Palestinian Authority, UNESCO and the Palestinian Authority had elaborated and adopted a joint programme of assistance, regrouping 27 priority projects related to the UNESCO areas of activity. The programme, designed to contribute to the reconstruction and development of the self-governed territories, included strengthening Palestinian institutions and affirmation of the Palestinian identity; development of human resources, particularly through programmes of education and transfer of technology; creation of employment opportunities; and establishment of a lasting peace and interregional cooperation. In carrying out the programme, UNESCO would cooperate not only with the other organizations of the United Nations system but also with the principal donor countries and the United Nations Special Coordinator in the Occupied Territories. Mr. Massalha underlined that the primary objective of the United Nations in the areas of education, science and culture was to assist the Palestinian Authority in promoting the development of human resources and institutions towards the establishment of a modern and just society based on respect for peace, human rights, mutual understanding, solidarity and progress.

14. A message from the United Nations Secretary-General to the Seminar was read out by Mr. Robert Gallagher, Deputy to the United Nations Special Coordinator in the Occupied Territories. In his message, the Secretary-General of the United Nations stressed the important steps that had been taken since the signing of the historic Declaration of Principles on Interim Self-Government Arrangements (A/48/486-S/26560, annex) by the Palestine Liberation Organization (PLO) and the Government of Israel, in particular the Agreement on the Gaza Strip and the Jericho Area (A/49/180-S/1994/727, annex), signed at Cairo on 4 May 1994, the transfer to the Palestinian Authority of responsibility for important sectors of civilian life and the continuation of intensive negotiations on redeployment of the Israeli Defence Forces in the West Bank and for elections to a Palestinian Council. In his message, the Secretary-General said that the realization of the legitimate rights of the Palestinian people had long been a priority for the United Nations. The development of a comprehensive assistance programme aimed at removing inequities in the social and economic conditions of the Palestinians had been recognized as contributing to a stable base for the negotiating process, which, despite delays and set-backs, remained the only path towards a comprehensive, just and lasting settlement based on Security Council resolutions 242 (1967) of 22 November 1967 and 338 (1973) of 22 October 1973. Progress in the multilateral negotiations on Middle East regional issues directly affected the economic situation and well-being of the Palestinian people. The Middle East/North Africa Economic Summit, held at Casablanca from 30 October to 1 November 1994, marked an important first step towards building a new type of economic interaction in the region. The Secretary-General expressed concern at the slack pace of disbursement by the international donor community of contributions pledged for Palestinian development needs. The United Nations Special Coordinator in the Occupied Territories had undertaken the responsibility of strengthening local coordination among the United Nations programmes and agencies, the Bretton Woods institutions and the donor community. The Secretary-General noted that, in the common United Nations effort to assist the Palestinian people, the Committee on the Exercise of the Inalienable Rights of the Palestinian People continued to make a valuable contribution and that its mandate of promoting better understanding of the various aspects of the question of Palestine and enhancing awareness of the reconstruction and development needs of the Palestinian people had acquired new thrust and urgency.

15. The Vice-Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People said that the economic rebirth of the Palestinian people had become a possibility owing to the overall headway made in the peace process. In spite of the many disappointing set-backs, the Committee was encouraged that the parties appeared determined not to abandon the negotiating track and to move on to fulfilling all the elements of their agreements. Important steps had been taken to coordinate efforts with respect to the economic development of the Middle East and North Africa region, such as the Casablanca Declaration (A/49/645, annex), the forthcoming Amman Economic Summit, to be followed by the Euro-Mediterranean conference at Barcelona, and the joint communiqué issued on 12 February 1995 at Blair House, Washington, D.C. For decades, the United Nations, which marked its fiftieth anniversary this year, had been making efforts to find a comprehensive, just and lasting solution to the question of Palestine and had been providing much-needed assistance to the Palestinian people. Regrettably, the living conditions of the Palestinian people remained dismal and required urgent attention as well as the involvement

of the international community. While appreciating the impressive assistance effort and considerable funds pledged for the reconstruction of the Palestinian economy by the international donor community, the Committee was concerned that those resources were yet to reach in full the recipient Palestinian institutions. Since the beginning of the Madrid peace process, the Committee had welcomed the new developments and worked to promote the effective implementation of the Israeli-Palestinian agreements.

16. Reading out a message addressed to the Seminar by the Chairman of the Executive Committee of PLO, Mr. Yasser Arafat, Mrs. Leila Shahid, General Delegate of Palestine to France and Permanent Observer of Palestine to UNESCO, said that, since its creation, the Palestinian Authority had enabled the Palestinian people to build a free, democratic society. The Authority sought to guarantee the rights of Palestinian citizens and to enact laws for the building of a new Palestinian State and for a taxation system. The building of an effective administrative system required a great deal of planning and it was necessary to find financial resources for that effort, she said. The Palestinian Authority was being asked to set up effective administrative and financial institutions and it needed to find the necessary financial and technical assistance. Unfortunately, the funds thus far acquired had not been sufficient. She expressed appreciation to all the representatives of donor countries and the non-governmental organizations that had extended assistance to the Palestinian administrative and financial system. The current Seminar was being held at a critical juncture for the Palestinian people, when the Palestinian Authority was about to take responsibility in such areas as taxation and tourism.

B. Plenary session: Palestinian administrative, managerial and financial needs and challenges - the role of international assistance

17. The plenary session was reserved for statements by representatives of donor countries and other States, intergovernmental and national organizations, non-governmental organizations and organizations of the United Nations system.

18. The representative of France said that his country had been providing assistance to the Palestinian people long before the Oslo agreements. That assistance was based on clear and long-standing support for the rights of the Palestinian people. Assistance provided by France also testified to awareness of the economic difficulties facing the Palestinian Authority. The fragility of the Palestinian economy and its vulnerability to outside influences, the need to develop the private sector and the special situation of Palestinian workers were also matters which warranted special attention. He described in detail the contributions his country had made towards the various assistance programmes.

19. The representative of Italy said that his country attached great importance to the development of regions and peoples in the Mediterranean area. Italy had been participating in projects involving the Palestinian health sector, particularly in the area of institution-building. His country was prepared to expand those cooperation activities into other areas, based on the needs of the

Palestinian people. Such efforts could not but consolidate the peace process in the region.

20. The representative of Indonesia stressed that the current economic picture of the West Bank and Gaza Strip could be characterized as one of dependence and distortion. Periodic closure of the territories, the drop in aggregate demand as a result of high unemployment rates and a lower than expected inflow of economic aid had all stood as obstacles to progress. The speaker stated that there was a need for reconstruction of the human and physical infrastructure. In order to spur economic development, the requisite support structures and pragmatic policies enabling the Palestinians to compete effectively in external markets would be required. Economic ties with neighbours had to be rebuilt while reducing the existing imbalances in certain trade relationships. The speaker underlined the imperative need for donor countries to fulfil their commitments and expressed confidence that the efforts by the Palestinian Authority, Israel and the donor countries to help to ensure the realization of the various assistance pledges would overcome the obstacles to development.

21. The representative of Spain said that his country would continue to provide support to the Palestinian people in amounts similar to those it had provided in 1994. Attention should be paid to the establishment of effective administrative structures to ensure that the best use was made of such assistance. Spain attached importance to the Seminar; the high level of expert participation in it should result in a useful contribution.

22. The representative of Egypt expressed the hope that the Palestinian Authority and the Government of Israel would, in the next few days, reach an accord on the extension of self-government in the occupied territory, setting the stage for the redeployment of Israeli forces and the holding of elections for the Palestinian Council in accordance with the Declaration of Principles. The reports presented by the World Bank and the Special Coordinator in the Occupied Territories on the deterioration of the economic and social conditions in the occupied territory, in particular in the Gaza Strip, were alarming and challenged the peace process. Egypt stood ready to work with the Palestinian Authority, the other regional parties and the international community to bring about the full implementation of the Declaration of Principles. Security considerations should not overshadow the needs and aspirations of the Palestinians with respect to a political settlement and the economic development of the occupied territories. The sealing-off of the territories as a security measure was a self-defeating policy, both from the medium-term and long-term point of view.

23. The representative of OIC read out a message from Mr. Hamid Algabid, Secretary-General of the Organization, in which he said that the attainment of a long-sought peace in the Middle East needed support at all levels, especially in the economic and development area. The long years of Israeli occupation and the practices followed during its duration had led to a total deterioration of the economic infrastructure in the occupied territory and the loss of badly needed human resources. As a guarantee to peace and security in the region, it was imperative for the international community to extend all types of economic and financial support and aid to the Palestinian Authority. The Seventh Islamic Summit, held in December 1994 in Casablanca, Morocco, had called for support for

the international programme of economic, social and cultural development of the occupied territory and for support for the Palestinian Authority. OIC fully supported the peace process in the Middle East and the agreements reached as part of that process.

24. The representative of the League of Arab States stressed the need to find solutions to current problems, so as to enable the Palestinian people to set up its institutions, rebuild its homeland and establish an independent State. During the last two sessions of its Council, the League had adopted resolutions related to Palestinian development. The General Secretariat of the League had included in its letters of agreement with the World Bank paragraphs concerning the setting up of projects in the occupied territory. Also, in cooperation with the Geneva-based Institution de coopération palestinienne, the Secretariat of the League was preparing a conference aimed at enhancing research on the question of Palestinian reconstruction and development. The General Secretariat had established contacts with a number of parties concerned with a view to providing the necessary support to the Palestinian people.

25. The representative of India, Chairman of the Group of 77 at UNESCO, read out an extract on Palestine from the Ministerial Declaration issued by the Group on 30 September 1994, reaffirming its support for the Palestinian people as it strived to attain its inalienable rights. The Group also reaffirmed the permanent responsibility of the United Nations towards the question of Palestine and emphasized the need for international assistance to support Palestinian development efforts in the economic and social fields. The Ministers had reaffirmed their support for the peace process initiated at the Middle East Peace Conference in Madrid, which aimed at achieving a comprehensive, just and lasting peace in the Middle East based on Security Council resolutions 242 (1967), 338 (1973) and 425 (1978) of 19 March 1978 and the principle of land for peace.

26. The representative of the Department for Development Support and Management Services of the Secretariat said that, in response to General Assembly resolution 48/213 of 21 December 1993 and the statement made by the Secretary-General at an inter-agency meeting on 29 June 1994, the Department had sent a reconnaissance mission to the Gaza Strip in January 1995. The mission had prepared two reports, one on decentralization services and Palestinian capacity-building, and the other on a programme for developing the institutional capacity of the Palestinian Authority. A comprehensive programme, based on in-depth assessment of needs, could include the following components: improvement of the government policy-making process; rationalization of organizational structures of the public sector; decentralization and district administration for development; improvement of financial performance and policies; strengthening of the human resource management system/public personnel; addressing management training needs; encouraging participation by women in management; establishment and development of management information systems; and rationalization, modernization and consolidation of legislation.

27. The representative of ILO said that, despite the developments in the peace process, much remained to be done to provide and ensure employment opportunities for Palestinian workers. ILO believed that the employment challenge could be met only by the adoption and implementation of a comprehensive and integrated

employment programme that would include long-term strategies and short-term measures addressing some of the worst symptoms. Six essential components of such a programme were (a) ensuring the policy environment and institutional capacity for long-term sustained economic growth; (b) securing employment opportunities outside the West Bank and Gaza Strip, particularly as agreed in the Protocol on Economic Relations (see A/49/645, annex) between the parties; (c) taking measures aimed at the improvement of the environment for small enterprises; (d) the construction, rehabilitation and maintenance of much-needed infrastructure; (e) the creation of an adequate and comprehensive social safety net aimed at protecting unemployed workers, widows, orphans, the sick and the disabled; and (f) the priority need for reform and reformulation of the vocational training system.

28. The representative of UNHCR read out a note from the United Nations High Commissioner for Refugees to the Seminar. Throughout the past several decades, UNHCR, in cooperation with States concerned, the Secretary-General and UNRWA, had been involved in dealing with the numerous protection problems and needs. Since 1987, the Executive Committee of UNHCR had continuously reaffirmed its concern, inter alia, about the lack of adequate protection for a large number of Palestinians. In recent years, particularly in the aftermath of the Persian Gulf War, UNHCR had intensified its efforts to safeguard the principle of family unity of Palestinians residing outside the mandate area of UNRWA and had been engaged in facilitating returns and family reunions to countries of former residence or where relatives had taken lawful residence. UNHCR would in future continue to stand ready to assume fully its mandate and responsibilities and thus contribute to stability and reconstruction needs within the limits and modalities agreed upon by the parties involved and other States and bodies concerned.

29. In his statement, the representative of the United Nations Special Coordinator in the Occupied Territories said that, since his appointment in 1994, Mr. Terje Rød Larsen had set out to meet the requirements of the first implementation agreement. That work included (a) supporting the ongoing activities of the United Nations in the occupied territory; (b) facilitating development of public works projects in the Gaza Strip; (c) establishing coordination mechanisms on the ground, in cooperation with Member States, the Palestinian Authority and the World Bank, to ensure the efficient and effective disbursement of pledges made at the Conference to Support Middle East Peace; and (d) coordinating training and other assistance for incoming Palestinian police. The speaker focused on the various structures set up by the donors for overseeing the assistance effort, within which the Office of the Special Coordinator was operating, including those established at the suggestion of the United Nations at the Ad Hoc Liaison Committee meeting at Brussels in November 1994, for example the Local Aid Coordinating Committee. Also, at the suggestion of the United Nations, the Joint Liaison Committee had been reorganized to include the Palestinian Authority as gavel holder, Norway, in its capacity as Ad Hoc Liaison Committee Chair, the United Nations and the World Bank as joint secretariat, and the United States of America, the European Union and Japan. He emphasized that the United Nations was playing a major role in the mechanisms set up by donors and in influencing decisions of the Ad Hoc Liaison Committee.

30. In his statement, the representative of UNCTAD gave a detailed description of the needs and challenges facing the Palestinian Authority, such as the need for the establishment and development of functional government agencies at the central and local levels, the reform of the public finance and tax systems and the supply and management of public utilities. Full-fledged programmes of technical assistance had to be developed to address those needs. Accordingly, UNCTAD had formulated and discussed with the Palestinian Authority such a programme, aimed at achieving the following objectives: strengthening the technical, managerial and information capacities of Palestinian public- and private-sector institutions responsible for international trade and related fields; formulating policy/strategy options enabling the various sectors of the Palestinian economy to exploit emerging market opportunities effectively; enhancing and developing the capacity of the commodity producing sectors; assisting in the infrastructure necessary for the creation of an adequate and efficient transport system; reforming the overall legal and regulatory framework, along with institutional capacities; and strengthening Palestinian technical and institutional capacities in financial intermediation, analysis and management of financial flows.

31. The representative of UNDP stated that, over the past 15 years, UNDP had been supporting municipal and village councils in the planning, management, operation and maintenance of large-scale infrastructure investments. It had been providing support to municipalities in the water and sanitation sectors, and through its local rural development programme had also supported rural infrastructure investments. It had also facilitated the upgrading of nine village councils in the West Bank and Gaza Strip to the status of municipality councils. A new dimension was added to the work of UNDP with the establishment of the Palestinian Authority. Through a major funding contribution by the Government of Japan, UNDP was providing "emergency-type" start-up funding and procurement support to 14 departments of the Palestinian Authority, the Palestinian Economic Council for Development and Reconstruction, the Palestinian Central Bureau of Statistics and other bodies. As part of its gender-in-development programme, funded through a contribution from the Government of Norway, UNDP was sponsoring leadership and management training for women professionals in the Palestinian Authority. Another important programme was the Transfer of Knowledge Through Expatriate Nationals. The speaker said that five areas of focus in public administration development had been provisionally identified and prioritized for support, both from UNDP and from other United Nations system agencies and donors: (a) strengthening the capacity of the Palestinian Authority to steer and implement a public administration development programme; (b) initiation of a public administration training programme for civil servants; (c) clarification of the roles and responsibilities of the departments of the Palestinian Authority; (d) strengthening municipal and village councils; and (e) supporting the legal system.

32. The representative of WHO said that his organization had provided fellowships to Palestinian physicians, helped to monitor the health situation in the occupied territory and trained Palestinians in health care. During the intifadah years, it had assisted in helping non-governmental organizations dealing with the needs of the injured. WHO was now involved in supporting the right of the Palestinians to be in charge of their own health services. The Palestinian Authority had to reconstruct the entire infrastructure, including

the health services infrastructure, which had deteriorated during the occupation. The relatively modest resources needed to support Palestinian needs in the health sector would undoubtedly help promote the peace process. In coordination with the United Nations Special Coordinator in the Occupied Territories, WHO had worked most recently to define a United Nations health care strategy for the self-government areas. The strategy involved inputs from UNRWA, UNDP, the United Nations Children's Fund (UNICEF), the World Food Programme (WFP) and WHO.

33. Mr. Bishara A. Bahbah, Associate Director, Institute for Social and Economic Policy in the Middle East, Harvard University, informed the Seminar of the University's involvement in providing assistance to the Palestinian people following a grant of one million dollars for the purpose provided by a United States philanthropist. A fact-finding mission from Harvard had been organized in early 1994. As a result, a programme of technical assistance to the Palestinian Authority had been developed, which was subdivided into three main areas: providing Harvard consultants to work with the finance, planning, health, education and tourism departments of the Palestinian Authority; training Palestinian officials at Harvard; and providing expertise on the organization and structure of the Palestinian government.

C. Round-table discussions

Round table I: The Palestinian Authority - needs and challenges of administration

34. The round table was moderated by Mr. Shibley Telhami, who also prepared the summary of the discussion.

35. Mr. Ibrahim Al Daghma, Chief, Legal Advice and Legislation Department, Palestinian Authority, made a presentation dealing with the issue of establishing a new legal framework in the West Bank and Gaza Strip, describing in detail the functioning of the existing legal system. He also outlined measures needed for the restoration and integration of the judicial authorities of the two areas. Mr. Al Daghma then focused on the concrete steps taken by the Palestinian Authority with a view to rebuilding the legal system. These steps included the following: (a) the establishment by the Palestinian Authority of a new legislative body called the Legal Advice and Legislation Department; (b) the harmonization by the Legal Advice and Legislation Department of the legislation presently in force in the West Bank and Gaza Strip; (c) the establishment of legal committees, composed of judges, lawyers and legal advisers, for the study of and designing a course of action on particular types of legislation (e.g., company law or land law); and (d) a public discussion of the bills prepared and released by the Legal Advice and Legislation Department. Mr. Al Daghma expressed the view that, in drafting a constitution, the Palestinian Authority would encounter two principal groups of obstacles and problems: restrictions by Israel of the authority of the Palestinian judiciary, and material obstacles.

36. Mr. Yair Hirschfeld, Director-General of the Economic Cooperation Foundation and Senior Lecturer at the University of Haifa, described, from an Israeli perspective, the setting that affected the establishment of the

Palestinian Authority and the Oslo peace process. In his view, the Oslo process had created major historic change and had resulted in two major achievements - the decision by the Israeli and the Palestinian leaders to negotiate instead of fight and the creation of the self-governing Palestinian Authority, which provided the administrative foundations and the structure for a future Palestinian State. The speaker said that among the prevailing challenges for the Palestinian Authority were the ones in the areas of peacemaking, internal politics, organization, socio-economic development and the development of a Palestinian legal system. Having summed up the challenges of the emerging Palestinian administration in the various fields of its activity, Mr. Hirschfeld put forward the following three conclusions: (a) the achievements of the Palestinian Authority had so far outweighed its failures; (b) given the Palestinian hostility towards Israel and the continuing Israeli occupation of the Palestinian territory, there was a need for a change of attitude and the development of new behaviour patterns by the Israelis and the Palestinians alike; and (c) observing the challenges of Palestinian state-building, the Israelis should guard their own legitimate interests, while wishing the Palestinians success in their effort.

37. Mr. Alfons Calderón Riera, Assistant Professor, at the Escuela Superior de Administración y Dirección de Empresas in Barcelona, focused on the institutional foundations for governance as it applied to the Palestinian case. He addressed the questions of management, both public sector management and public management. In discussing the Palestinian "state-building" case, Mr. Calderón explored in detail the following points: the need for a model in state-building; the importance of transformational leadership and political vision; the need for social and grass-roots participation; the building of a specific legal and economic framework; and the importance of catalysts to accelerate the state-building process. Palestinians, in his view, should take advantage of the fact that they are creating a new Administration, not just reforming an old one. He also emphasized that the above-mentioned five points were a matter related to institutional development and not merely a question of making new Palestinian organizations work. The concept of institutional development was more related to governance than to the particulars of administrative reform.

38. In his presentation, Mr. Amin Baidoun, Director-General for International Cooperation, Palestinian Authority, discussed the issue of institution-building and enhancing the institutional capability of the Palestinian Authority. He gave a brief overview of the situation in the occupied territory prior to the signing of the Declaration of Principles and of the changes that had taken place since September 1993. He stressed that, in order to achieve the desired goals and objectives, the Palestinians would have to address the following issues: (a) speeding up the process of institution-building so that responsibilities could be properly defined and executed; (b) accelerating the establishment of the legislative mechanism concurrently with the political process and negotiations; (c) establishing a coherent and systematic approach to achieving the objectives since the ad hoc project approach had proved to be wasteful and ineffective; (d) establishing a mechanism enabling the Palestinians to rely on their own resources and mobilize private, non-governmental and public sectors towards achieving the objectives; (e) establishing a comprehensive plan and a set of economic and social policies; and (f) focusing on sectors that would

ensure employment, generate hard currency and have a potential for high growth rate and productivity. If the Palestinians succeeded in achieving the above-mentioned objectives, the international community as a whole and donor countries and Israel, in particular, would have to recognize their moral responsibilities and fulfil their obligations towards the Palestinian people at the political, economic and financial levels.

39. In the discussion that ensued, the participants highlighted the significant financial and resource constraints that the Palestinian Authority was facing. Even more important were the constraints emanating from the Israeli control of the territories. The economic, social and human effects of the continuous closures of Gaza, parts of the West Bank and East Jerusalem were emphasized. The concept of industrial parks was raised, stressing that major issues of that concept remained unclear. With regard to the institution-building process, it was said that despite the many daily problems and challenges, the institutional development should not be carried out on an ad hoc basis, but be seen in its local, regional and national dimensions, which required strategic thinking and vision. A major challenge remained the building of an effective legal system.

Round table II: Laying the foundation for public financial management

40. The round table was moderated by Mr. Stephen B. Peterson, who prepared a summary of the discussion.

41. Mr. Fouad H. Beseiso, Governor of the Palestinian Monetary Authority, made a presentation on the role of the public sector in facilitating private financial investment in the West Bank and Gaza Strip. He identified the following prerequisites needed to encourage private financial investment: the existence of an infrastructure that could support the expected growth in the industrial base; government institution-building to handle development projects; an adequate legal and organizational structure, providing investment guarantees and security for investors; political stability, leading to economic and financial stability; a well-developed banking system to support the needs of private investors; building up of public awareness towards investment by Palestinians of their savings in a form other than foreign currency holdings; stability in the currency exchange rate; and price stability. Pursuant to the above-mentioned conditions, the Palestinian Authority has already taken some steps, including the establishment of the Palestinian Monetary Authority, and had hired capable staff. Mr. Beseiso discussed in detail such issues as the need for building the Palestinian infrastructure, Palestinian institution-building, the legal framework, the role of the Palestinian Monetary Authority, the role of savings and financial institutions and the financial framework.

42. Mr. Atef Alawneh, Deputy Head of the Department of Finance of the Palestinian Authority, said that immediately after the signing of the Declaration of Principles, preparations had begun for the establishment of the Department of Finance, taking into consideration its significance for the Palestinian economy. These included the establishment of the Revenue and Expenditure Department and other support departments. Also, in the course of the formation of the Palestinian Authority, steps were taken to guarantee the proper administrative and technical performance of the Department of Finance. These measures addressed the general expenditure administration (e.g., budget

preparation and implementation, accounting systems, auditing and accountability), general revenue administration (e.g., tax administration, policies and education, clearance from the Israelis and from customs, value added tax on imports and customs policy). In its work, the Department was striving to achieve accountability and transparency. The speaker also gave a detailed account of the West Bank and Gaza Strip Tax Administration, explaining measures recommended by the Department and action taken on those recommendations.

43. In his presentation, Mr. Stephen Peterson, Research Associate at the Harvard Institute for International Development of Harvard University, focused on the development of an efficient revenue system for the Palestinian Authority. He described four major constraints hampering the improvement of the revenue system: the separation between the tax offices in the Gaza Strip, Jericho and the West Bank; continued dependency on the Government of Israel for tax information; an attitude that weakened the environment for compliance; and the limited experience of staff in tax policy and administration. Mr. Peterson emphasized that by far the most important of these constraints was the poor environment for compliance, to which the other three constraints contributed. He highlighted areas that addressed the above-mentioned constraints: management, compliance, policy and strategy. While the first three areas dealt with specific constraints that needed to be overcome, the area of strategy addressed ways of managing the reform process of the tax system. Attention to strategy was especially important for the Palestinian Authority, as the constraints were great, resources were limited, expectations were high and the time frame was short.

44. In her presentation, Ms. Muna Jawhary, an economist and consultant working in London and Jerusalem, dealt with the issue of indirect taxation in the West Bank and the Gaza Strip with special emphasis on customs and value added tax revenues. She gave an overview of indirect taxation in the West Bank and the Gaza Strip, stating that there existed several reasons for the low percentage of revenue from Palestinians in the gross domestic product. First, customs revenues in the West Bank were only expected to accrue to the Palestinian Authority in the second half of 1995. Secondly, as an emerging fiscal department, the Department of Finance of the Palestinian Authority was not expected to reach its full potential, in terms of revenue collection and administration, before some time. Thirdly, the revenue clearance agreed with Israel did not appear to be fair, as far as the Palestinians were concerned. Ms. Jawhary identified four measures needed to reduce the fiscal leakage and/or increase the revenues of the Department of Finance: (a) compensation to the Palestinians by Israel for the price-raising effect of its protectionist trade regime towards Palestinian consumer prices; (b) application of strict rules of origin - revenue clearance for the Palestinians by Israel should include customs and taxes on goods imported from Israel that were not of Israeli origin; (c) negotiating a revenue-sharing formula based on the macroeconomic approach or total trade flows, rather than the present micro-economic approach or individual invoices; and (d) in connection with points (a) and (c), negotiating with Israel on the proper coding of goods flowing between Israel and the West Bank and the Gaza Strip and redesigning the unified invoice so as to provide information on the origin of goods sold by Israel to the West Bank and the Gaza Strip.

45. In his presentation, Mr. Georges Capdeboscq, Counsellor in the French National Audit Court, spoke on verification mechanisms in public accounting. He said that a dual system was used in France. Under that system, accountants were separated from persons who approved accounts. In addition, public accountants bore personal financial liability for their actions and policy decisions. The audit office had an independent jurisdiction, the audit account controlled the regularity of operations and financial decisions on imposing fines were deliberated after hearing statements by the persons concerned. He said that regional and territorial chambers had been established. Those chambers were independent and had magistrates who judged accounts and could also intervene in budgetary controls. There was a central accounting office in the treasury and weekly summaries were published by the treasury. There was daily monitoring of receipts. Laws had been enacted governing transparency and regularity in market procedures. An inter-ministerial mission of enquiry on public markets had been created. Another law involved preventing corruption and promoting the transparency of public life.

46. Mr. Gilles Johanet, Counsellor in the French National Audit Court in Paris, spoke on the establishment of a social security system. His country had made mistakes in building its social security system and he could therefore speak of errors, which should not be made by the Palestinian authorities. The scope of application of social security must be considered. It generally included accidents in the workplace, health and age risks, unemployment and sickness. He discussed the issues of management and financing of social security. Different countries had different solutions. Autonomy of the system was potentially good, as the State had no advantage in managing social security on the front lines. However, with State management, the control of expenditures was potentially more effective. In France, the system of checks was ensured by an audit office. The management of age risk could be concentrated in one system throughout the country. Such concentrated management was more viable than decentralized management. On the question of financing, he said that taxes permitted better control by the State. In the Palestinian territories, there were restraints, including a high unemployment rate. Also, it was necessary to anticipate demographic and sociological developments, with the aim of maximizing the usefulness of services. For example, in the management of old age, one must study and consider the amount of pensions, the amount of contributions, the duration of pension payments and the duration of contribution payments. The request for health services was unlimited and the supply of care was not spontaneously adapted to demand. To manage costs, access to health care must take place through a physician who was a coordinator, who centralized all medical data and who ensured the continuity of health care. A coding system must be established to make it possible to distinguish between pathologies in order to control expenses. Several such coding models existed.

47. Mr. Abdel Hamid Bouab, Officer-in-Charge of the Public Finance and Enterprise Management Branch of the Department for Development Support and Management Services of the United Nations Secretariat, stressed in his presentation the need to implement procedures for streamlined public expenditures and to support emergence of a private sector for financial sector development. It was important to develop aid-management and accountability mechanisms and to have a sufficient number of Palestinian policy analysts, economic managers and institutions. In the area of resource mobilization, there

was a need for revenue administration. Techniques for public expenditure rationalization must be developed. The savings issue and debt management were also part of the public financial management process. An aid-management and accountability process must be developed, with a view to satisfying domestic and donor country requirements. Implementation of such measures should promote the growth of the economy. The growth of the economy would expand the tax base and facilitate improvement of the budgetary position. That, in turn, might enable the monetary authorities to provide increasing levels of resources in support of private sector development, domestic and foreign investment and further opening of the economy. An effective administration would be required to implement those programmes.

48. The discussion touched on some of the major areas of public financial management, including capital markets, budgeting, public accounts and revenue systems. It became clear that the Palestinian Authority intended to develop a very sophisticated administrative system with a very high standard of administrative excellence. This was mainly because of the academic background of many of the senior administrators, who had previously participated in building many of the States in the region. The slow pace of change, however, had led to considerable frustration, compounded by the deterioration of the economy and the living conditions of the citizens. Building administrative capacity had to be done in the context of a very fragile economy. Revenues had been declining, border closures had caused severe economic dislocation and existing resources were very limited, the major constraint being the lack of funds to pay a living for the staff. As a consequence, the desired calibre of staff could not be attracted. Another constraint was the lack of experience of staff, especially senior staff, who had been excluded from meaningful administrative functions during the occupation. A number of recommendations were made: regarding value added tax, comprehensive data should be collected, public accounts should be established to demonstrate accountability and transparency and an effective and reliable tax information system was required. The demand for high standards had to be balanced with the need to develop rapidly a working administrative system.

Round table III: Supporting the development of the Palestinian municipalities and public utilities

49. The round table was moderated by Mr. Francis Dubois, who also prepared a summary of the discussion.

50. Mr. Mustafa Abdel Nabi Natshe, Mayor of Hebron, spoke in his presentation about the need for support for the development of the Palestinian municipalities and public utilities. He described the infrastructure situation in the occupied territory, focusing on such areas as energy, water supply, transportation, sanitation and solid waste disposal. Mr. Natshe emphasized the need to improve the existing public services and infrastructure. The recovery programme should start with technical assistance and studies to build a technical capability and an institutional framework to develop rational policies and efficient investment programmes. Particular attention should be given to the creation of analytical capacity for the economic and financial evaluation of investment and operational improvement priorities. Also, significant funding was needed, initially to carry out rehabilitation work, and subsequently to expand capacity to meet

demand. Measures to foster effective provision of infrastructure services by local government included (a) establishing a rational, transparent, legal foundation for local government with an appropriate degree of local discretion over issues of local interest; (b) implementing a more appropriate assignment of revenues providing greater local autonomy over user charges and local taxes; and (c) introducing more systematic and transparent criteria for allocating capital investment funding.

51. In his presentation, Mr. Ghassan El-Shakah, Mayor of Nablus, addressed the problems facing his municipality, which was the largest Palestinian population centre with some 150,000 inhabitants. He noted that the municipality currently employed 1,200 persons in the various departments and divisions of public administration. As a result of 28 years of occupation, the infrastructure of Nablus had been virtually destroyed. Mr. El-Shakah explained in detail the nature of the town's problems in the areas of water supply, power supply, sanitation and the environment, road, public facilities and housing construction, education, health and health services, and the labour force and employment. He stressed that the peace process had raised hopes of real change, buttressed by undertakings to assist the Palestinian people in its effort to reconstruct what had been destroyed by years of occupation and to revitalize the various branches of activity. The donor States, however, had yet to deliver the pledged assistance. Mr. El-Shakah also appealed to the United Nations, as the leading international organization, to examine the above-mentioned problems and expedite the task of finding solutions through the specialized agencies and other organizations, the World Bank and the donor community.

52. Mr. Atef Alawneh, Deputy Head of the Department of Finance of the Palestinian Authority, made a statement aimed at filling the gap left by the two speakers who could not be present. He said municipalities were faced with a number of obstacles. These included limitations imposed by the old laws, on which the town councils were based, lack of financial resources, problems with urban planning and political factors, which resulted in the continuation of military governors in many towns over long periods of time. Town councils should insist on receiving directly levies, duties and taxes on the services they provided. There should be no exemptions or subsidies for many families. Problems also arose when people refused to pay taxes or levies on account of political arguments. The town councils should be able to change local taxes in order to obtain revenues. The Department of Finance was prepared to cooperate with local councils, but projects must be carried out on a commercial basis in order to generate revenues and there must be no exemptions on local taxes and dues. There were plans for national public utilities. Expertise was needed for the development of an administrative system that would support local governments and ongoing training must be provided. Local elections must take place immediately to fill the political void in many towns.

53. Mr. Hussein Al-A'raj, Deputy Head for Local Government of the Palestinian Authority, discussed in his paper the problems faced by the local Palestinian organizations and put forward a number of recommendations in that regard. He identified the following problems: (a) the absence of a single governance legislation in the Palestinian territories; (b) the inability of the local units to undertake major income-generating projects of any use; (c) the absence of elected local councils in a large majority of population centres, which

precluded any development activity; (d) the urgent need to restore and strengthen relations between the local population and local councils; (e) the lack of training and development of administrative and technical staff in local organizations; (f) the need to create conditions conducive to the payment by citizens of value added tax to the municipalities; (g) the negative effect caused by the lack of local councils and years of occupation on the condition of roads and residential buildings; (h) the need for the local councils to express their local individuality in dealing with the central authorities; (i) the lack of financial resources and of an incentives system in local organizations, preventing them from hiring qualified administrators and executing projects; and (j) the need for the municipalities to reassume their role as service providers, leaving the political and leadership roles to the central authority. Given those problems, Mr. Al-A'raj put forward the following recommendations: (a) the donor community should honour its commitments; (b) a Palestinian administration and management academy should be established; (c) an information policy or plan should be adopted to strengthen confidence between citizens and local units; (d) Palestinian local legislation should be adopted providing for council elections, which should follow the general elections; and (e) local units should amend their policy regarding the provision of services.

54. Mr. Sameer A. Abu-Eisheh, Dean, Faculty of Engineering, Al-Najah University, Nablus, addressed in his paper the issue of the development of Palestinian public utilities. He described the current condition of the public utilities, including water, electricity, sewage systems and solid waste treatment. Constraints on the development of the public utilities included the lack of a development plan and institutional structures, limited administrative and managerial skills of personnel, dependence, to a large extent, on the Israeli systems, the inadequate technical condition of the Palestinian systems and limited financial resources. Mr. Abu-Eisheh outlined development strategies to be introduced and implemented in order to remedy the overall and sub-sectoral condition of public utilities. The overall sector development strategy included establishing the institutional frameworks on the various levels, preparing an overall public utilities plan, drafting the proper legislation, establishing educational and training programmes and promoting public and private investment towards the development of the sector. The sub-sectoral development strategy should cover such areas as water, electricity and sewage and solid waste treatment.

55. During the discussion, participants stated their consensus with regard to the need to reinforce Palestinian municipalities and public utilities in all sectors, in particular infrastructure, health, water supply and sanitation, education, social services and culture. Any progress in those areas would increase support by the Palestinian population for the peace process. It was stressed that particular efforts were required to facilitate the immediate delivery of technical and financial assistance to all public sectors, but especially to the municipalities, villages and town councils. The positive experience of the Jordanian Development Bank for Villages and Towns for the implementation of numerous projects in the municipal areas should be taken into account while developing similar structures in the Palestinian territory. The Department of Local Government should be strengthened. Municipal elections should not get mixed up with the forthcoming elections of a Palestinian

Legislative Council; however, in some places a combination of the two processes might be feasible.

Round table IV: Human resources development and management - building institutional capacity

56. The round table was moderated by Mr. Robin Poppe, who also prepared a summary of the discussion.

57. Mr. Shibley Telhami of the Brookings Institution, Washington, D.C., said in his presentation that there was substantial underutilization of human resources in the occupied territory. That situation was partly attributable to political factors affecting the Palestinian Authority, which faced a number of constraints in the formation of the police and for the staffing of the Department of Justice and the Attorney-General's office. Significant resource constraints included a lack of laboratories, computers and scientists in the criminal field, as well as low salaries. There were also political and legal constraints. Mr. Telhami felt that use should be made by the Palestinian Authority of the skills and experience of Palestinian non-governmental organizations.

58. Mr. Bishara A. Bahbah, Associate Director of the Institute for Social and Economic Policy in the Middle East of Harvard University, dealt with the issue of building management potential for human resource development. He identified the challenges and problems facing the Palestinian Authority and presented some ideas on what was needed to build a proper base for human resource development. Mr. Bahbah said that among the problems and challenges were the following: physical separation of the West Bank from the Gaza Strip; low salaries of the Palestinian Authority employees; understaffing of some Palestinian bodies; inadequate training of the employees; the proliferation of academics rather than experienced managers in top positions of the Palestinian government; political appointments for high-level positions; the need for reconciliation of the varying cultural and professional backgrounds in the emerging Palestinian institutions; the lack of coordination among and within the Palestinian bodies; and the need for a better coordination of the wide-scale international consultancy and other assistance. Mr. Bahbah also described the effort by a group at Harvard University, headed by Mr. Courtney Nelson, to establish a human resource development unit within the Palestinian Authority.

59. In his presentation, Mr. Musa D. Ghosheh, General Director of the Employees Bureau of the West Bank, addressed the issue of building a Palestinian public personnel system and structure. He said that the law, to be applied in the Palestinian society, should interact with the new developments which would require a strong administrative structure for human resources and their development. That objective could be achieved by establishing special task forces in order to deal with such matters as personnel procedures, employee selection, processing of information and administrative statistics and to carry out studies to determine the training needs. Mr. Ghosheh said that, in the employment framework, his Office suggested dividing jobs into four categories: a senior jobs group (deputies, assistant deputies and directors); a public jobs group, comprised of 10 grades; a vocational group (uneducated labourers); and a service jobs group (janitors and security guards). He explained the criteria to be applied in selecting employees in those categories. The speaker also

described in detail the general guidelines currently applied in the Employees Bureau.

60. In his presentation, Mr. Alain Claisse, Professor of Public Law, Université de Paris, said that, in establishing a state of law and good governance, there must be a consistent strategy and a realistic diagnosis of the situation upon which to base a plan of action. A census must be conducted to determine the need in civil servants. Training plans must be consistent and must take account of supply and demand. In addition, there should not be a proliferation of laws; a stock must be taken of the many laws that had been applicable in the past. There must be a very clear division of competence among the departments. A merit system that will encourage the staff to work harder should be established. It was not enough to focus training efforts on senior officials at the expense of lower and intermediate staff; apprenticeships could be used for unskilled workers.

61. Mr. George Jadoun, Technical Programme Manager, Training Focal Point for Palestine at the ILO International Training Centre, Turin, said in his presentation that problems facing the Palestinian Authority included the absence of a legal framework for the Palestinian civil service. Another problem was inadequate funding due to limited tax revenue and the reluctance of donors to disburse their contributions directly through the Palestinian Authority. In addition, there was a shortage of indigenous administrative, managerial and technical expertise for the immediate task of rehabilitating infrastructure and stimulating the private sector. Training requirements should focus on capacity-building, with emphasis on management and policy-making functions in the civil service. In the absence of an overall institutional design for Palestinian public administration, attempts at setting the Palestinian civil service into motion had sometimes resulted in duplication of areas of competence. A workshop could be held in the West Bank to build on the findings of the present Seminar. It could develop an action plan for human resource development in the civil service.

62. In the discussion, participants emphasized the decisive role of the human factor in building the Palestinian Authority. Concerted efforts of the Palestinians in charge of human resources development and the international donor community were required to build the necessary public personnel structures. The recruitment of diaspora Palestinians had to be balanced by the involvement of Palestinians living in the territory. In that regard, it was stressed that Palestinian non-governmental organizations provided a reservoir of knowledgeable and highly motivated personnel. Training capacities for all levels of the administration should be enhanced, focusing at the present stage on the training of trainers, thus using the multiplicating effects of such an approach. Whereas training on the ground should be given priority, courses abroad, in particular for senior administrators, should bring together managers of different countries to share their experience. Priority should be given to the promotion of the participation of women at all management levels.

D. Closing session

63. In her statement, Mrs. Leila Shahid, General Delegate of Palestine to France and Permanent Observer of Palestine to UNESCO, said that human resources development and management would be of great importance for the Palestinian people in the years to come. She stressed that the question of Palestine was unique in terms of decolonization and state-building. There was no other example in which state-building took place at the same time as negotiations on the end of the occupation were still under way. Most of the Palestinian participants at the Seminar came from areas that were still under military rule, and most of the matters discussed during the meeting could not be implemented in the absence of total sovereignty. Being one of the last countries to acquire independence, a lot could be learned from the achievements of others in the decolonization process. Human resources represented the greatest resource of the Palestinian people. Its primary need was to build a strong, efficient, light, transparent and imaginative national authority in order to overcome division. Having a strategy and the required leadership would help both the Palestinian people and those who wished to help them.

64. The Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People, in his closing remarks, said that the Committee would continue to act primarily in the international political arena and address such fundamental issues as the question of Jerusalem, the settlements and refugees. At the same time, the Committee had felt increasingly the necessity to make a contribution to promoting international assistance for reconstruction and development and for strengthening Palestinian institutions on the ground during the transitional period. The Palestinians, despite the promise made in the Covenant of the League of Nations, had not yet been able to achieve independence. He said that the United Nations had permanent responsibility towards the question of Palestine until it was resolved in all its aspects in accordance with international legitimacy. Meeting Palestinian needs in establishing a viable and effective administration in the area under the Palestinian Authority was an essential stepping-stone in the struggle for self-determination. Also, well-functioning institutions of government, a developing economy, the creation of employment opportunities and the effective provision of social services were interrelated issues, which, if addressed satisfactorily, would provide solid foundations for the new stages of the peace process. Responding to comments made by participants, the Chairman stated that the Committee would consider appropriate follow-up to the various recommendations made in the course of the Seminar.

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SOCIAL, HUMANITARIAN AND HUMAN RIGHTS QUESTIONS

Measures taken following the cyclones and floods that have affected Madagascar

Report of the Secretary-General

I. INTRODUCTION

1. The present report has been prepared pursuant to Economic and Social Council resolution 1994/36 of 29 July 1994 adopted following consideration of the report of the Secretary-General relating to the implementation of General Assembly resolution 48/234 of 14 February 1994 on emergency assistance to Madagascar. 1/ In that resolution, appeals were made to the international community to assist the Government of Madagascar in successfully completing the recovery efforts to mitigate the damage caused by floods and cyclones in Madagascar.

2. In resolution 1994/36, the Council requested the Secretary-General: (a) with the participation of organizations of the United Nations, to evaluate further the extent of the damage caused by the cyclones and floods and to assess the medium- to long-term impact of the disasters on the national economy; (b) to compile information that could be used to promote a concerted international assistance effort; (c) to communicate the results of that investigation to the international community; (d) to take necessary measures to assist the Government in preparing a reconstruction and rehabilitation programme in the affected

* A/50/50/Rev.1.

regions and sectors; and (e) to report on the implementation of that resolution to the Economic and Social Council at its substantive session of 1995 and to the General Assembly at its fiftieth session.

II. ACTIVITIES UNDERTAKEN

A. Measures taken following cyclones and floods in Madagascar

3. The northern part of Madagascar is particularly vulnerable to frequent cyclones. The material damage inflicted by cyclones may exceed 10 per cent of the country's gross national product (GNP). In 1993 and 1994, the country was repeatedly hit by cyclones and floods that caused major human and material loss. The international community organized relief assistance for victims of natural disasters in instances where the extent of the damage exceeded the national relief capacity.

4. The Department of Humanitarian Affairs of the Secretariat, at the request of the Government of Madagascar, had previously undertaken a project of technical assistance for the country (MAG/84/014 - Strengthening the government intervention capacity in case of natural human disasters) at a cost of US$ 400,000 funded under Madagascar's United Nations Development Programme (UNDP) indicative planning figure.

5. The project, undertaken jointly by the Department of Humanitarian Affairs of the Secretariat and UNDP from 1987 to 1993, was aimed at creating a network of regional disaster relief and mitigation centres for provinces most affected by cyclones, with centres in Sambava, Mahajanga, Toamasina and Antsirana, as well as one in Antananarivo, the capital of the country. These centres were equipped with materials for emergency relief and for hazard monitoring. For these regional centres, the project provided consultant expertise and services, together with a United Nations Volunteer (UNV) for a duration of four years. The project consultants, in collaboration with national specialists from the ministries concerned, assessed the country's disaster relief/mitigation capacity, and coordinated the training of technical personnel. In each of the provinces two to three workshops were organized with approximately 40 persons each for project-related activities. A two-week training seminar was also organized in La Reunión, for 50 Malagasy fellows who represented authorities/ministries of internal affairs, planning, meteorological services and relief and mitigation services from four provinces. As a sign of commitment to the project, the Government provided each designated province with a building to serve as a stockpile centre. The project was planned to be used as a model for creating other regional disaster relief and mitigation centres in the country.

6. At the request of the Resident Representative of UNDP in Madagascar, the ongoing project was revised and its budget raised from US$ 400,000 to US$ 775,000. It now also includes food security issues. The implementation of the revised project was assured jointly by WFP (WFP) and UNDP.

7. Since all regional centres were located in the northern part of the country, which is most frequently exposed to tropical cyclones, the Government

in 1990 requested the formulation of a strategy for disaster preparedness and mitigation specifically geared towards the southern part of the country where natural hazards are of a different nature. These include, for example, desertification, deforestation, bush and step fire, heavy rains and cyclones, storm winds, soil and coastal erosion and fluctuation of ground water. A Department of Humanitarian Affairs of the Secretariat consultant prepared the requisite technical report, which was submitted to the Government in 1991. (A copy of the report is available upon request from the Department of Humanitarian Affairs of the Secretariat.)

8. The Department of Humanitarian Affairs of the Secretariat's approach, based on the organization of regional disaster relief centres, staff training and stockpiling of relief materials for mitigation and emergency operations, turned out to be very viable in the current economic situation of the country. Considering that these regional centres were also given the responsibility of monitoring food situations and carrying out food relief operations, the development of a network of such centres appears very appropriate. The Department of Humanitarian Affairs of the Secretariat's findings concerning the organization of disaster relief and mitigation were made known to the Government and the UNDP Resident Representative in the country. The Department of Humanitarian Affairs of the Secretariat proposed further support by other United Nations agencies to promote disaster mitigation and planning as a basis for sustainable economic and social development.

9. In 1995 Madagascar was spared cyclones similar to those that caused a major disaster in 1994. Accordingly no state of emergency was declared during that period. However, activities geared towards the strengthening of national emergency capacity and reconstruction have continued throughout 1994 and 1995.

B. National fund for natural disasters

10. In order to meet the costs relating to rehabilitation and reconstruction activities in the aftermath of cyclones and floods, the Government of Madagascar has established a national fund for this purpose. However, the size of the Fund for recovery from emergency situations (US$ 75,000) is rather modest. At the local level, the provision is reserved for the social repercussions of disasters, and has to constitute at least 15 per cent of the budget of the affected community.

11. In addition, Madagascar, through donor support, has established a national highways fund, solely for the reconstruction of highway infrastructure damaged by natural disasters. For 1995, an amount of 1.3 million Malagasy francs was set aside; 60 per cent provided by the State and 40 per cent by European Development Fund (EDF). A programme for the regular maintenance of the highway infrastructure has also been implemented. A similar proposal has been made for the maintenance of public buildings.

12. Clearly, the Government of Madagascar at this time lacks the resources and the capacity to undertake an immediate and coherent emergency response and requires the continuing support of the international community. Apart from

stocks of fuel in the capital city, the national authorities have no physical buffer stocks that can be used in crisis situations or for reconstruction.

C. Disaster-monitoring

13. The Government of Madagascar has taken a number of steps to compile data on natural disasters systematically. The National Office for the Environment has published a history of natural disasters in Madagascar, indicating the most affected areas and the extent of damage in each area. A monitoring and information network, funded by EDF, has also been established in specific regions in order to forecast and monitor natural disasters. The United Nations is assisting the Government in strengthening its capacity for early warning and has provided emergency equipment and other technical support for these activities.

D. Soil conservation activities

14. In order to promote the conservation, development and restoration of cultivated areas, the Government, supported by the World Bank, has initiated a project that specifically addresses these issues. This project acknowledges the realignment of the policies of the United Nations and the World Bank as regards the agricultural restoration of cultivated areas.

E. Rice information system

15. A statistical information system has been established to monitor the availability of rice, the staple food of Madagascar. For lack of resources, the system has, however, not always been able to provide relevant information.

III. CONCLUSION

16. In spite of all these efforts, Madagascar remains vulnerable to the impact of natural disasters. The main factor is lack of resources, which has also constrained adequate reconstruction and rehabilitation of the cyclone- and flood-affected areas. Resource limitations have, in addition, also affected the development of effective coordination and management of relief and reconstruction activities. UNDP and the Department of Humanitarian Affairs of the Secretariat have continued to assist the Government in two basic areas: in the rehabilitation and reconstruction of affected areas and in strengthening the national capacity for early warning and response, coordination and disaster relief management. As a part of the latter, disaster management training programmes have been organized for national officials to manage the emergency response units and to strengthen existing frameworks.

17. The Department of Humanitarian Affairs, working with all involved parties, will undertake a review in 1995 to evaluate disaster management policy plans at the country level. The outcome of this exercise will enable the Government to seek further funding, which remains of critical importance.

Notes

1/ E/1994/66.